Austria	Sch 20	Indonesia	Rp 3100	Philippines	Pes. 20
Bahrain	Din 0.650	Israel	[illegible]	Portugal	Esc 100
Belgium	BFr 45	Italy	L 1500	S Arabia	[illegible]
Canada	C$1.00	Japan	Y600	Singapore	[illegible]
Cyprus	[illegible]	Jordan	Fils 500	Spain	Pts 125
Denmark	[illegible]	Kuwait	Fils 500	Sri Lanka	Rup 30
Egypt	[illegible]	Lebanon	[illegible]	Sweden	[illegible]
Finland	Fmk 7.00	Luxembourg	LFr 45	Switzerland	SFr 2.20
France	FFr 6.50	Malaysia	[illegible]	Taiwan	[illegible]
Germany	DM 2.20	Mexico	[illegible]	Tunisia	[illegible]
Greece	Dr 80	Morocco	Dh 6.00	Turkey	L 350
Hong Kong	HK$ 12	Netherlands	[illegible]	U.A.E.	[illegible]
India	Rup. 15	Norway	[illegible]	U.S.A.	$1.00

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

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World car sales: South Korea gears up, Page 10

World news | Business summary

US to veto mandatory S African sanctions

The US was set to veto a resolution, expected to be introduced shortly in the UN Security Council, calling for mandatory sanctions against South Africa, US Ambassador Vernon Walters confirmed.

He said if sanctions were imposed and the situation in South Africa later improved, a single big power could veto the lifting of those sanctions. The US, he said, had already imposed some sanctions against Pretoria and had been the first to bar the sale of arms and police equipment to the regime.

Meanwhile, two opposition Democrat members of the US Congress introduced bills which would require disinvestment of American financial interests in South Africa and a trade embargo against Pretoria.

Gulf bombing halt

Iran and Iraq observed a halt to air, missile and artillery attacks on each other's cities after Baghdad said it would suspend air raids on targets inside Iran for two weeks. Tehran said it would stop reprisal attacks on Iraqi cities. Earlier report, Page 3

Ciskei palace attack

President Lennox Sebe, ruler of the "independent" homeland of Ciskei, South Africa, escaped unscathed after an attack on the presidential palace by a truckload of armed men. Page 3

Begun pardoned

Jewish dissident Iosif Begun, imprisoned since 1983 for anti-Soviet activities, was pardoned under a Kremlin decree and might be released today, a Soviet spokesman said. Meanwhile, dissident psychiatrist Anatoly Koryagin, freed under a Kremlin decree, arrived home in Kharkow after 5½ years in prison and labour camps.

West Bank unrest

Fresh unrest erupted in the Israeli-occupied West Bank and Gaza Strip for the 11th consecutive day as Palestinian youths stoned troops and Israeli vehicles.

Offer to Tamils

Sri Lanka said it would end military operations against Tamil rebels and lift a seven-week fuel embargo if the separatists stopped fighting. But in Jaffna, a group fighting for a Tamil homeland said it would continue bombings.

More French N-tests

France reaffirmed its intention to continue nuclear tests in the South Pacific – and to produce chemical weapons – during a speech to the UN disarmament conference in Geneva. Page 2

Militias fight on

Syrian-backed ceasefire patrols ventured into Moslem West Beirut but failed to quell four days of militia battles. Police said at least 150 people had been killed and 300 wounded. Page 3

EEC budget adopted

The European Parliament finally adopted the EEC's delayed 1987 budget on an overwhelming majority, ending an emergency financing system on which the Community had been operating since the beginning of the year.

Chinese trade fear

Delayed payments by Chinese organisations could be a sign that the county is suffering a serious shortage of foreign exchange, some international companies fear. Page 3

Basque poll delayed

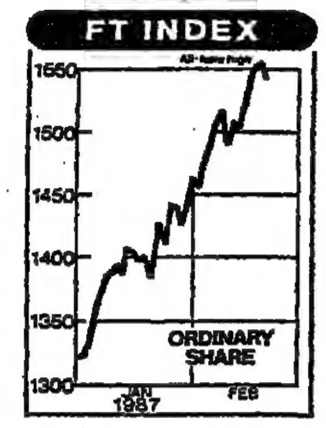
Basque politicians postponed until February 26 the election of a regional premier to allow courts to decide whether a jailed ETA separatist guerrilla could present his candidacy in person. Page 2

Occidental plans $1bn equity offering

OCCIDENTAL Petroleum, the US energy group, plans to raise nearly $1bn in new equity on the New York Stock Exchange. The issue will be one of the biggest of its kind in the history of Wall Street. Page 20

BRITISH PETROLEUM reported annual profits down by £37m ($56.6m) to £1.78m but increased its final dividend by 1p to 23p because it said it had weathered fluctuating oil prices well. Lex, Page 20; Details, Page 28

FT INDEX



LONDON: The stock market's record run came to an abrupt halt as profit-takers moved in. The FT-SE 100 index plunged 21.9 to 1,930.1 and the FT Ordinary index dropped 7.5 to 1,542.5 Government long bonds gained up to ⅜ of a point. Page 42

TOKYO share prices surged to a record on expectations of an interest rate cut accompanying the Group of Seven meeting this weekend in Paris. The Nikkei average rose 346.33 to close at 20,228.09, Page 42

WALL STREET: The Dow Jones industrial average closed up 6.46 at 2,244.09. Page 42

DOLLAR closed in New York at DM 1.831; SFr 6.5045; FFr 6.0965 and Y153.74. It rose in London to DM 1.8335 (DM 1.8285); to Y154.05 (Y153.75); to SFr 1.5515 (SFr 1.5470); and to FFr 6.1050 (FFr 6.0900). On Bank of England figures the dollar's exchange rate index rose to 104.4 from 104.2. Page 35

STERLING closed in New York at $1.5285. It fell in London to $1.5260 ($1.5320); to DM 2.7975 (DM 2.8025); to Y235.0 (Y235.50); and to FFr 9.3150 (FFr 9.33); to SFr 2.3675 (SFr 2.37). The pound's exchange rate index fell 0.3 to 69.2. Page 35

GOLD rose to $395.00 ($390.20) on the London bullion market. It also rose in Zurich to $392.75 ($390.25). In New York the April Comex settlement was $402.70. Page 34

BORG-WARNER, embattled Chicago conglomerate, came under increased pressure when Irwin Jacobs, Minneapolis investor, said he would seek control through a tender offer if a "friendly deal" could not be arranged. Page 21

DAIMLER-BENZ, West German motor group which has expanded into other industrial sectors, has reported "another pleasing profit" for 1986 with sharp rises in turnover and output. Page 21

COCA-COLA reported a 38 per cent rise in net income last year to $934m as its soft drinks, entertainment and food divisions all enjoyed substantial volume growth. Page 21

LOEWS, insurance and tobacco conglomerate headed by Larry Tisch, leading US financier, increased earnings from continuing operations by 8.5 per cent to $545.5m. Page 21

NIGERIA'S naira moved sharply again at weekly official foreign exchange auction, falling by 23 per cent against the dollar. Page 3

CREDIT SUISSE reported a less-than-expected 12 per cent rise in net profit and only a small increase in dividend. Page 22

EGYPT agreed to package of economic reforms which the IMF will support with $250m – $300m in balance-of-payments support.

Paris discussions to focus on currencies and economic policies

G7 nations to meet on Sunday

BY OUR ECONOMICS AND FOREIGN STAFF

THE GROUP of Seven leading industrial nations will meet in Paris on Sunday, ending weeks of speculation in international currency markets about whether enough common ground could be found to justify talking at all about greater economic co-operation and stabilising currencies.

It was still not clear yesterday whether the smaller but crucially important Group of Five nations, comprising the US West Germany, Japan, France and Britain, would also be meeting formally at the weekend.

One senior European monetary official suggested that there was time for multilateral and bilateral contacts between finance ministers and central bankers tomorrow before joining Canada and Italy in the full G7 session on Sunday. Most of the key officials involved will arrive in Paris today.

The meeting is the culmination of weeks of negotiations since the period of extreme volatility in foreign exchange markets early this year which saw the dollar drop rapidly, particularly against the Japanese yen and the West German D-mark.

Speculation that the Five would come to some agreement to stabilise currencies has, to a large measure, been the source of the dollar's tentative recovery from its lows. Yesterday's news that talks were now fixed helped the dollar to make up some ground in London at DM 1.8335 compared with Wednesday's close at DM 1.8285 and at Y154.05 after Y153.75.

Monetary officials have made it clear over the past few weeks that the Five were concerned not to hold a meeting without establishing a good measure of common ground beforehand because of the risk of disappointing financial markets and perhaps causing another dollar collapse.

It is thought unlikely that the meeting would have been called without a good chance of some kind of accord which would stand up to the scrutiny of the foreign exchange market. It is likely that some kind of draft communique might already have been drawn up to bring a united end to the talks, whatever the nature of any understanding reached.

One senior European monetary official said a communiqué was likely to have been drafted in advance as a "contingency measure" to "paper over any cracks" there might be at the end of the talks.

It is not certain how substantive the terms of any accord will be. One senior monetary official said an agreement could consist simply of a repackaging of general commitments by West Germany and Japan to boost domestic growth in order to help cut the enormous US trade deficit.

In return, the US would be expected to make efforts to cut its budget deficit and a commitment to stop "talking the dollar down."

It is possible that such statements of intent may be reinforced by promises of actual fiscal measures. These seem more likely to emerge from Japan than West Germany, and it is not at all clear what concrete measures the US could offer in return.

News of the Paris meeting gradually leaked out in the wake of Japan's announcement of another discount rate cut to an all-time low of 2.5 per cent, to become effective on Monday.

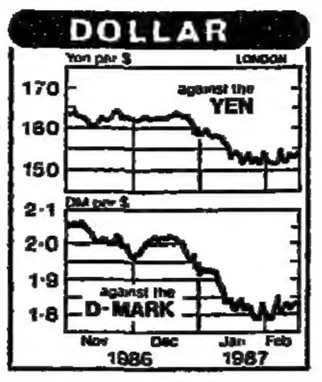
Bank of Japan officials said yesterday that the cut from 3 per cent, combined with agreement at what they described as G5 and G7 meetings this weekend on currency market stabilisation measures, would "contribute to stability in the yen-dollar exchange rate."

One senior European monetary official said Japan may be prepared to offer a package of fiscal measures aimed at boosting domestic demand.

Continued on Page 20

Money markets, Page 35

DOLLAR



THE TOKYO stock market surged to a record yesterday on the news that the leading industrial countries are to meet to discuss economic policies. Japanese investors bought heavily on the hope that the Bank of Japanese would cut its discount rate by a half percentage point to 2.5 per cent to coincide with the Paris meeting.

The Nikkei market average jumped over 346 points to a peak 20,228.09 with much of the buying focused on blue chips, chemicals, budget-affected issues and financial stocks.

Turnover, however, slipped back to 1.42bn shares.

Bond buying gathered pace and the yield on the government bellwether bond fell to 4.705 per cent.

European bourses were also inspired by the proposed meeting. Frankfurt rose on hopes of a more stable dollar which would ease the plight of West Germany's hard-pressed exporters.

The Commerzbank index rebounded 45.6 points to 1,753.9

Volcker says currency 'ranges' will fail

BY STEWART FLEMING, US EDITOR, IN WASHINGTON

MR PAUL VOLCKER, Chairman of the US Federal Reserve Board, warned yesterday that an early attempt to stabilise the values of key international currencies merely by laying down ranges, so-called reference zones, within which fluctuations are acceptable would not work.

Giving a distinctly low-key assessment of what he is expecting to emerge from the meeting in Paris this coming weekend of the Group of Five major industrial countries, Mr Volcker said that he had not called the meeting, that he favoured greater currency stability and that he hoped the meeting would move the process of international economic policy co-ordination forward.

He stressed that, while an early move towards some system of "reference zones" to define the acceptable range of fluctuation amongst the major industrial countries is one approach, it was not one which "substitutes for economic policy co-ordination and consistency."

Mr Volcker's remarks came at the end of two and a half hours of testimony to the US Senate Banking Committee. In his testimony Mr Volcker undescored the importance he attaches to co-operative efforts by the major industrial countries aimed at reducing their huge budget and current account imbalance.

Once again he argued that the smooth adjustment of these imbalances cannot take place unless Japan and West Germany boost domestic demand and the US moves decisively to set its $220bn budget deficit on a declining trend.

The Fed chairman also expressen an urgent warning about the outlook for the third world debt situation. The strategy for tackling the debt problem (the so-called Baker plan) was "bogged down" by the failure of complete bank financings for a number of heavily indebted nations, Mr Volcker said. "This is threatening the whole process,"

With financial markets alive with speculation that Brazil may be about to declare a moratorium on its interest payments, Mr Volcker said: "Brazil is in a grave economic crisis right now ... inflation has revived, confidence has been lost and its trade position is deteriorating."

Mr Volcker's testimony, which was linked to the Fed's bi-ennial monetary policy report to Congress, put considerably more emphasis than he has over the past year, on the inflationary threat in the US.

Drawing attention to the fact that inflows of capital from abroad provided more finance for the domestic economy in 1986 than the savings of all US households, Mr Volcker said: "It would be a clear and present danger in my judgment, with respect to capital flows, if people thought inflation were getting out of control again."

Details, Page 4; Baker plan to improve trade, Page 20

Government clears plan to sell Leyland Trucks

BY PETER RIDDELL AND KENNETH GOODING IN LONDON

THE British Government yesterday threw its support behind a new corporate plan for the state-owned Rover car and truck maker which involves a joint venture with Daf of the Netherlands and collaboration with Honda of Japan.

Rover is to receive up to £750m ($1.14bn) of new financial support from the Government and has won backing for its plan to put Leyland Trucks into a new joint company controlled by Daf.

This will allow the further development of Rover's Austin Rover volume car subsidiary. The Government is to write off rationalisation costs and accumulated debts from Rover's truck and bus divisions and will cover the cost by taking new Rover equity and thus transform the Rover balance sheet.

Mr Paul Channon, the Trade and Industry Secretary, announced in the House of Commons yesterday that Rover was being "given every single thing asked for" in the corporate plan submitted last December by Mr Graham Day, chairman of Rover, who was appointed last May.

A new Anglo-Dutch commercial vehicle company will be set up incorporating Leyland Trucks, the freight Rover van business and Daf Trucks of the Netherlands. Daf, a privately owned company in which the Dutch Government has an indirect stake of 25 per cent, will own 60 per cent of the combined company and Rover the rest.

The combined company, to be called Daf, would be "in the first division in Europe. Our strengths match their weaknesses and vice versa," Mr Day said.

The intention is to float the new Daf-Leyland group on the Amsterdam and London stock exchanges in two to three years.

Approval has been given for the new ARB medium-sized car which will replace the Maestro and the Rover 200-series in collaboration with Honda of Japan with a commitment on both sides to strengthen long-term links between the two companies.

Development will go ahead of the new K series engine for small cars and associated gearbox at the cost of £200m.

Background, Page 6; Editorial comment, Page 18

Poll blow for Haughey

BY HUGH CARNEGY IN DUBLIN

MR CHARLES HAUGHEY's Fianna Fail party has failed to win a parliamentary majority in the Irish general election but intends to proceed with a minority government.

With 10 of the 166 seats still to be decided, party officials conceded yesterday that the best result Fianna Fail could achieve was 82 seats, two short of an outright majority.

The result was a considerable blow to Mr Haughey and he may have to rely on the support of at least two independent deputies to be certain of election as Prime Minister when parliament resumes on March 10.

Fine Gael, led by Dr Garret FitzGerald, the outgoing Prime Minister, was set to be returned with only 51 seats, a net loss of 17. Labour, Fine Gael's coalition partner until last month, was on course for 12 seats, a net loss of two, with the Marxist Workers Party winning four, the Democratic Socialist Party one and independents three seats.

Gorbachev 'was ready to resign'

BY PATRICK COCKBURN IN MOSCOW

MR MIKHAIL Gorbachev, the Soviet leader, told senior Soviet journalists last week that he would resign if he was unable to carry through his reform programme, according to the weekly Moscow News.

The threat to step down was made at a six-hour meeting between the Soviet leader and the editors of the main Moscow newspapers and magazines, according to Mr Yegor Yakovlev, the editor of Moscow News.

At a recent plenum (meeting) of the Communist Party central committee, the ultimate source of power in the Soviet Union, Mr Gorbachev said: "If the plenum had convened, and arrived at the conclusion that reconstruction is not justified and should be rejected, I should have said: I cannot work otherwise."

Reconstruction is the usual Soviet shorthand for Mr Gorbachev's reform programme. In the last six months the Soviet leader has criticised active and passive opposition among officials to radical economic and political change, but this is the first time he has threatened to step down, albeit in veiled terms, if his reforms are blocked.

The party plenum was postponed three times before convening on January 27, according to Mr Yakovlev.

The extent of conservative opposition within the party is unclear although the middle echelons of the party bureaucracy are unhappy at staff changes and the threat to their authority posed by reforms. Diplomats believe, however, that opposition at this level would not threaten Mr Gorbachev's position unless supported by senior members of the ruling Politburo.

Mr Gorbachev used his speech to Soviet journalists last week to attack those who believed it was time to tone down criticism. This would mean "to stop advancing and to harm the process of reform." Government policies needed to be subject to criticism and "above all, to criticism from below" as a matter of principle, he said.

● An offical US report issued yesterday said there had been improvements in Moscow's observance of human rights last year under the rule of Mr Mikhail Gorbachev, Reuter reports.

Brazil expected to delay debt payments

By Ivo Dawnay in Rio de Janeiro and Alexander Nicoll in London

CONCERN was mounting last night that the slump in Brazil's foreign trade surplus would shortly force it to delay repayments on its $109bn external debt.

Though there was no official confirmation of rumours circulating widely in Brazil that the Government was about to suspend payments, foreign bankers are conscious of the gravity of the situation. They are expecting a delay of some kind, though not necessarily an official moratorium.

The severity of Brazil's crisis was underlined by Mr Paul Volcker, chairman of the US Federal Reserve Board, who told a congressional committee that Brazil was in a "grave economic crisis."

Mr Volcker said confidence had been lost in Brazil. Despite firm constructive steps that had made the Brazilian economy competitive for a while, high inflation had returned with a deteriorating trade position – factors which could make it difficult to raise money from commercial banks.

Mr Marcilio Marques Moreira, Brazil's ambassador to the US, was reported to have returned to Washington after consultations with President Jose Sarney and other top officials. He was expected to spell out to the US the seriousness of Brazil's current shortage of funds.

One Brazilian official was quoted as saying: "We are going to have to warn creditors that we cannot pay more then we can afford."

Rumours of a debt move and of impending economic measures pushed the dollar sharply higher on Brazil's illegal black market. It rose as high as Cr30 compared with official rates of about Cr18.5. Gold prices also rose 10 per cent above the New York market price.

Foreign bankers believe that a delay in payments could take the form of a centralisation of exchange controls, and that it would be accompanied by assurance that Brazil was taking the step out of necessity and not in defiance of its creditors.

Another option being mooted is a formal suspension of some repayments for a short period, perhaps three months.

The recent sharp deterioration in Brazil's payments position is expected to heighten pressure on the Government to relax its steadfast refusal to adopt a programme of economic adjustment under the auspices of the International Monetary Fund.

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THATCHER'S CHANCE TO SPEAK FOR EUROPE

The British Prime Minister's period in office has seen a strengthening of foreign policy, Page 19

Bankrupt French shipyards fail to find buyers

BY DAVID HOUSEGO IN PARIS

THE FRENCH Government has failed to find credible purchasers for any of the three shipyards belonging to the Normed group which filed for bankruptcy last year.

Normed went under in July after absorbing the bulk of the FFr 12bn (£1.3bn) in aid that the Government spent on the shipyards over the previous three years. In the wake of the collapse, it also announced generous redundancy terms for shipyard workers and the establishment of tax-fee zones close to the three sites to help create new jobs.

Mr Alain Madelin, the Industry Minister, said yesterday that of the 6,808 workers employed last June at Dunquerque in the North and La Seyne and La Ciotat on the Mediterranean, just under 2,400 had left. About 80 per cent of them took advantage of the minimum FFr 200,000 capital grant that was made available. About half of the rest are following two-year paid re-training courses.

The group is still building six ships —including three container carriers for Morocco— which are due to be completed between next month and December 1988. Mr Madelin repeated an assurance yesterday that they would be finished. But he put paid to continuing rumours that potential buyers had been found for any of the yards.

The minister gave an encouraging picture of the three tax-free zones where companies are exempted from corporation tax for 10 years. He said that 1,031 jobs had already been created in small and medium sized businesses setting up in the zones—and a further 893 outside them.

Mr Madelin declined to say how many of the new jobs had gone to former Normed workers. He also conceded that the total cost of the Government's package for helping workers and creating jobs would not produce any savings in terms of what had been earmarked for expendtiure on the yards. He said, however, that the money was being better spent in preparing for the future.

France spells out position on cutting its N-weapons

BY WILLIAM DULLFORCE IN GENEVA

FRANCE YESTERDAY reaffirmed its intention to continue nuclear tests in the south Pacific and to produce chemical weapons. Mr Jean-Bernard Raimond, the Foreign Minister, also spelt out the French view that the 1972 Anti-Ballistic Missile Treaty would allow the US to conduct research into space weapons but not to start deploying space-based arms.

In a speech to the UN conference on disarmament—the first by a French minister since 1979—Mr Raimond supported the 50 per cent reduction in strategic nuclear arsenals over five years set as a target by President Ronald Reagan and Mr Mikhail Gorbochev at the US-Soviet summit meeting in Reykjavik last October.

He added, however, that France would contribute to this process only under specific conditions. The gap between the huge nuclear arsenals of the two big powers and that of France had to be reduced substantially; the existing imbalance in conventional weapons corrected; the threat of chemical warfare eliminated; and no new defensive system destabilising the current ssytem of deterrence had to be put in place.

Paris did not accept that a nuclear test ban was a necessary first step to disarming and saw no reason to let its nuclear deterrent become obsolete (by abandoning the tests needed to modernise it), Mr Raimond said.

Similarly, because of the uncertainty still attached to the outcome of the talks on a chemical arms ban, France could not abandon its right to equip itself with a limited, purely defensive capacity, the minister said. A project for manufacturing chemical weapons will be debated in the French parliament this spring.

A Soviet offer, submitted to the conference on Tuesday, to disclose the locations of its chemical arms stocks represented substantial progress towards an international treaty and needed to be looked at carefully, Mr Raimond said later.

In his remarks on the ABM Treaty, Mr Raimond appeared to follow the "narrow" interpretation applied by the Soviet Union and US opponents of the "broad" definition advocated in the current debate in Washington by Mr Caspar Weinberger, the US Defence Secretary.

Research into space weaponry was clearly allowed, since avoiding technological surprises was a factor in the stability of the ABM regime, Mr Raimond said. But the argument over interpretation had to be carefully separated from the question of early deployment of space defences, which would go beyond anything authorised in 1972.

President Reagan's desire to place new weapons in space under his Strategic Defence Initiative has been erected by the Soviet Union into the biggest obstacle to agreement with the US on nuclear disarmament.

Community budget passed

BY TIM DICKSON IN BRUSSELS

THE European Parliament yesterday adopted the EEC's delayed 1987 budget by 301 votes to 41 with five abstentions, thus ending the emergency financing system

Earlier in the week the parliament's key budget committee —made up of representatives of the main political parties— agreed to accept a compromise tortuously negotiated last Friday by the Council of Budget Ministers.

The "solution"—which will add to the long history of arithmetical gymnastics associated with EEC spending plans—involved adding less than Ecu 5m (£3.7m) in commitments to non-farm spending to satisfy both partners in the budget process.

By increasing the maximum rate set by ministers from 8.1 to 8.1499 the parliament was able to claim that an important principle had been breached while member-states could say that to the first decimal point their plans had not been altered.

The sums at stake were tiny next to the Ecu 36.3bn budget. More important are the ideas unveiled on Wednesday by Mr Jacques Delors, commission president, for solving the long-term financing needs

Norway's economy 'at turning point'

NORWAY'S oil-centred economy is at a turning-point, and policy changes are needed to respond to a continued decline in real national income, according to the Organisation for Economic Co-operation and Development (OECD), Reuter reports from Paris.

The OECD said in its latest survey of the country that tumbling oil prices had been directly responsible for a nearly 10 per cent fall in real national income in 1986, and a drop of more than 15 per cent in total export earnings.

"Further losses in real disposable national income are likely to occur in 1987, underlining the need to reduce domestic demand and shift resources into traditional export and import-competing industries," it said.

"On unchanged economic policies, prospects for 1987 are worrying. The growth of demand is likely to decelerate as the consumption and investment boom peters out," it added. In Oslo, government officials said yesterday that the minority Labour Government would next month present an austerity package involving NKr 1bn ($142m) of public spending cuts and higher taxes ahead of negotiations on wage increases with the major trade unions.

The OECD forecast economic growth would slow to 3 per cent this year after a 4.5 per cent rise in 1986 and 4.2 per cent in 1985. The official Norwegian forecast is for 3.2 per cent growth in 1987.

The OECD said Norway should reduce inflationary pressures through tighter fiscal and monetary policies, adding that at the end of 1986, after a devaluation, inflation had accelerated to almost 9 per cent from nearly 6 per cent in 1985.

It was also necessary to improve international competitiveness through higher productivity and lower wage inflation at home than abroad.

Possible moves would be to cut back subsidies to the business sector, reduce rigidities in public sector spending, scale back transfers without compromising the welfare system and condition calls for demand or income support to pledges of structural change.

Basque poll faces delay

BASQUE politicians yesterday postponed the election of a regional premier to allow courts to decide whether a jailed separatist guerrilla suspect could present his candidacy in person, Reuter reports from Vitoria, Spain.

A spokesman for the regional assembly said the session to elect the premier would be held on February 26 – almost three months after Basques voted for the new parliament – instead of today as scheduled.

Political sources said the delay would also allow more time for the two biggest parliamentary groups, the Socialist Party and the Basque Nationalist Party (PNV), to reach agreement on a coalition government. No party has an overall majority in the 75-seat assembly.

Mr Juan Carlos Yoldi, an alleged member of the guerrilla group Eta (Basque Homeland and Freedom), is the canditdate for premier put forward by the radical, Herri Batasuna (HB) coalition which shares Eta's separatist objectives.

Spain's top appeals court, which has cited a legal technicality in rejecting Mr Yoldi's petition to leave prison and attend the assembly session, heard a new appeal yesterday

Meanwhile, a spokesman for the PNV said they had made some progress towards a coalition agreement with the socialists during nine hours of talks on Wednesday.

A recent border shootout left an uneasy memory, **Andriana Ierodiaconou** reports

Spectre of war haunts Greeks and Turks

GREEK and Turkish officials do not agree on many points of issue when analysing the troubled state of relations between their two countries. But they do share one ominous belief: that unless the present tensions between Greece and Turkey are resolved, sooner or later there will very likely be war between the two members of the North Atlantic Treaty Organisation.

The border patrol shootout in late December across the Evros River in which one Greek and two Turkish guards were killed, was an uncomfortable reminder of how easily a "war by accident" scenario could develop, or indeed be staged, in the region.

Although both the Greek and Turkish governments moved to play down the episode, it has left behind an uneasy memory.

On the surface Athens and Ankara remain locked into mutually exclusive positions on how to ease bilateral tensions in the aftermath of the Evros clash.

Turkish diplomats interviewed after the incident reiterated their standard charge that Dr Andreas Papandreou, Greece's Socialist Prime Minister, has blocked a resolution of differences by rejecting proposals for a bilateral dialogue put forward by Mr Turgut Ozal, the Turkish premier.

"What Turkey wants is breathing space in the Aegean," one senior Turkish diplomat said, summarising the package of claims for wider sea and airspace rights which Ankara has actively advanced since the 1974 crisis.

At that time the two Nato neighbours came to the brink of war as Turkey invaded and occupied the northern 37 per cent of Cyprus in the wake of a military coup staged on the island by the Greek junta. Turkish demands include an expanded role in military command and civilian air traffic control in the Aegean airspace, as well as greater Continental shelf rights in the Aegean Sea bed.

Greek officials countered with the equally standard reminder

that the Papandreou Government entered into a dialogue with Turkey on trade and tourism issues during the Socialists' first four-year term in office, which was broken off in November 1983 because of the unilateral declaration of an independent "state" in the occupied region of Cyprus. Ankara moved promptly to extend recognition, the only government so far to have done so.

The Greek Government has since regularly repeated that it would welcome a resumption of the dialogue with Turkey, provided Ankara withdraws both its claims in the Aegean and its troops from Cyprus.

In the meantime, Greeks of all political persuasions share the conviction that Turkey harbours expansionist designs in the Aegean, which it would be prepared to use military means to advance. Recent public statements by Mr Ozal that Ankara's patience has limits and that Athens should bear

Athens has yet to put its signature to the supplementary protocol integrating Greece (led by Dr Andreas Papandreou left) into the 1963 Turkey and EEC Association Treaty. "The fact that Greece is trying to block Turkey's way into the Community is what hurts most," one Turkish diplomat confirmed

in mind that Turkey is a country of 52m people against 9m Greeks, are regarded in Greece, as thinly veiled expressions of the Turkish threat.

Behind this apparent deadlock, however, some political analysts in Athens believe that one can occasionally discern glimmers of a possible Greek-Turkish rapproachment.

Greek academics attending a conference organised by the Italian Foreign Affairs Institute in Rome last December reportedly left with the impression that Turkish delegates were keen to deliver an unofficial message from their Government to the effect that Ankara might be prepared to trade concessions with Athens on the Aegean Continental shelf and Cyprus.

Interestingly, it is the view of Greek international law and international relations experts that of the package of Aegean issues advanced by Ankara, the Continental shelf is the only one which can be considered as legitimately bilateral. They contrast it with issues such as civilian air traffic control, which pertains to international organisations such as the International Civil Aviation Organisation (ICAO). Experts suggest that the Continental shelf issue might brook settlement through a combination of preliminary bilateral negotiations and a joint recourse to the International Court of Justice.

At the same time some Greek political analysts insist—against flat denials from the Foreign Ministry—that it has been possible recently to detect tentative moves by Greece to find a way out of the impasse with Turkey.

"Officially there is nothing. But discussions are taking place in the Foreign Ministry today which were not taking place a year ago," one official said.

Greek analysts believe that if Ankara were to extend conciliatory feelers to Athens, its main motive would be to try to buy Greek goodwill in the European Community. Turkey plans to apply for full EEC membership this year, although Brussels is understood to have indicated that it does not see Turkish accession as possible before well into the next century.

Greece has said it will veto the Turkish application, not least because it considers it incompatible with Turkey's continuing occupation of part of Cyprus, which has an association treaty with the EEC and is negotiating full customs union.

Athens has yet to put its signature to the supplementary protocol integrating Greece into the 1963 Turkey EEC Association Treaty. "The fact that Greece is trying to block Turkey's way into the Community is what hurts most," one Turkish diplomat confirmed.

So far, however, there has been no external sign which would justify optimism for an improvement in Greek-Turkish relations in the foreseeable future.

According to Turkish diplomats, to all intents and purposes the Greek attitude towards Ankara remains unaltered. Greek officials argue that Turkey's position has, if anything, hardened.

They cite a recent increase in the number of Turkish occupation troops in Cyprus, noted in the UN Secretary General's latest report on the Cyprus issue to the Security Council in early December. According to Greek estimates, troops have been boosted by approximately 25 per cent to about 36,000.

Greek officials also point out that Ankara rejected Athens' offer: the aftermath of the Evros episode, of a recourse to the ICJ on the Continental shelf issue." Turkey rejected the offer on the grounds that Greece proposed that the issue should be judged on the median line principle, which Ankara does not accept. But it is standard procedure for each side to state its terms.

"Turkey could have said, we accept recourse to the ICJ but on the basis of some other principle. Then perhaps an understanding could be negotiated on which to base a joint recourse," one Greek international law expert said. Ankara might do worse than to take that as a tip.

US INTENTIONS WORRY PROJECT'S PARTNERS

Star Wars shadow falls over space station

BY PETER MARSH

THE highly controversial US Star Wars programme is casting its shadow over the plans of the main industrialised nations to build a $12bn manned space station in the 1990s for use by international teams of scientists.

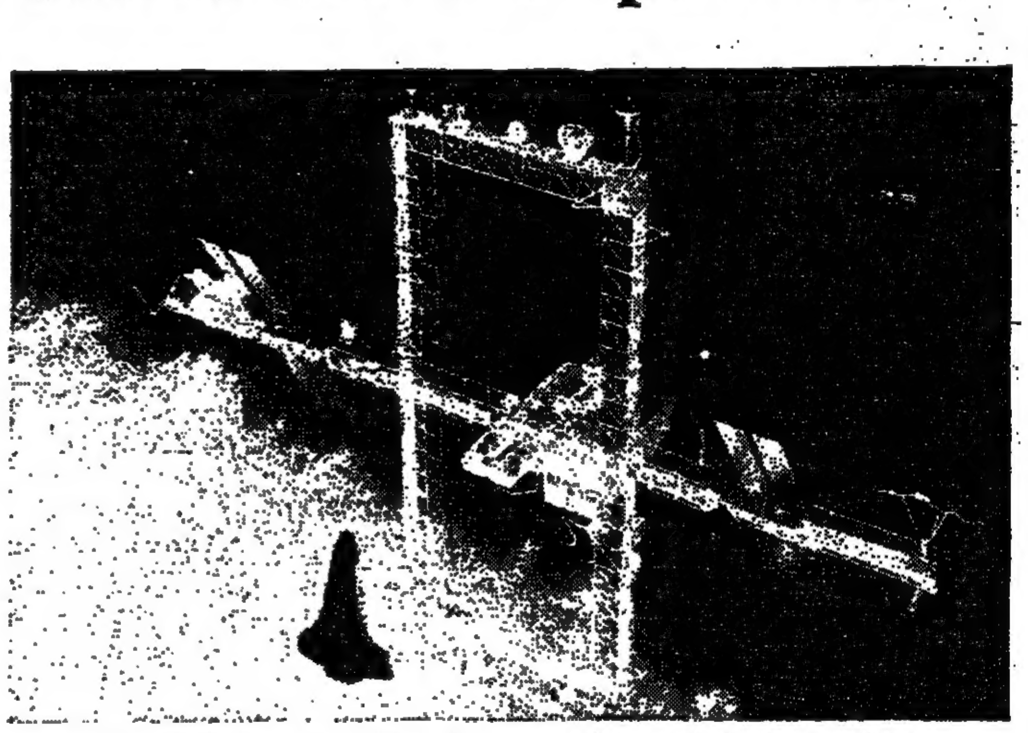
The US is discussing the station—intended primarily for civilian use — with Western Europe, Japan and Canada. Negotiations are at a critical phase, with legal agreements between the countries scheduled for the summer, in time for development work to start later in the year.

In recent weeks, however, the other nations have realised that the orbiting base, which is intended to accommodate eight people and to be in place by 1994, could become a vehicle for experiments conducted under the $26bn Star Wars programme, more formally called the Strategic Defence Initiative (SDI).

The space-based experiments could include research into laser weapons and satellite-based sensors, which could form part of an operational shield to defend the West from Soviet nuclear missiles.

The subject of Star Wars is likely to surface at a meeting in Paris next week at which officials from the 13-nation European Space Agency will press US negotiators for more details about possible military plans for the base.

So far, the US, which a little over three years ago invited the overseas countries to participate in the station project on the basis of a partnership, has refused to give assurances about the Star Wars issue. It says, however, that the base will not be used for deploying weapons. Of the estimated $12bn the station will cost, the US is due to contribute about $8bn.



An artist's impression of how the space station may look when completed

The US position, outlined to the other nations at a meeting in Washington last week, is that it reserves the right to use the US part of the orbiting base for unspecified military activities related to research. Officials say that no specific military activities are planned for the station. On the other hand, they have not ruled out use of the base for Star Wars experiments.

A comprehensive US policy over the station has been hammered out in recent weeks by an interdepartmental review group, including the Defence Department, the Arms Control and Disarmament Agency and the Central Intelligence Agency.

These bodies have become involved in the details of space station planning only since last autumn. Hitherto, international discussions about the base had been led by the National Aeronautics and Space Administration and the State Department.

Given the doubts that exist about Star Wars among many of the governments talking to the US about the space station, the other countries are reluctant to accept the US stance over military activities on the base.

An official from the British National Space Centre said he found parts of the US proposals "disturbing." "It is a funny sort of partnership where the other participants are not allowed to have a say (in activities on board the station)."

Mr Jan Stiernstedt, director general of the Swedish Board for Space Activities, said he could not accept use of the station for any secret military activities. These could include experiments related to Star Wars.

An official from Canada's Department of External Affairs, which is in charge of the space station negotiations with the US, said his government was pressing for "some kind of multilateral oversight" for all the activities on board the station.

US officials are reluctant to talk publicly about the details of the space station negotiations. They say that the subject of how the station is to be managed is still under discussion by the different countries involved.

Spanish inflation rate at 6%

By Tom Burns in Madrid

SPAIN'S consumer price index rose last month by 0.7 per cent, the lowest January increase for 12 years, bringing the rise over the past year to 6 per cent.

The figures were greeted with relief by the Government's economic team yesterday, for they come at a psychological moment when trade unions are pressing wage claims which the authorities consider inflationary.

The inflation rate stood at 8.3 per cent at the end of last year and an important factor behind the 1986 figure was the introduction of value added tax at the beginning of the year which caused a 2.3 per cent rise in the price index in January 1986.

The Government is aiming this year to reduce the inflation rate to 5 per cent, thereby bringing Spain closer in line with its main trading partners in the European Community. In order to meet this target the Government has to ensure an average monthly price rise of 0.4 per cent over the rest of this year.

The Secretary of State for the Economy, Mr Guillermo de la Dehesa, said yesterday that the 5 per cent target would be met if there was restraint in pay awards.

Sofia concerned at pollution

BULGARIA has joined other east European countries to register concern about environmental problems, Leslie Colitt writes from Berlin.

A "catastrophic level" of pollution in the Black Sea has virtually eliminated all the species of fish caught there 20 years ago, according to a report issued by the Sofia press agency.

The report said the Danube River was the main polluter along with the Dnieper and Dniester rivers in the Soviet Union which carry heavy metals, artificial fertilisers and organic wastes into the Black Sea. Other contaminators were the dozens of new industrial plants built along the Bulgarian Black Sea coast and tourist centres.

Consumers' guide to best deals in Europe

BY WILLIAM DAWKINS IN BRUSSELS

THE European Community is a long way from achieving a common market in several key consumer products, according to a survey' published yesterday by BEUC, the European consumers' association.

Manufacturers of products ranging from cameras through to compact disc players, perfumes, films and spare parts for cars still treat national markets in Europe as if they were distinct and separate.

It advises shoppers who have the choice to buy films in Italy or West Germany, stick to the UK or West Germany for cheap cameras, seek out the best deals on compact disc players in Britain, and go to Portugal or Denmark for perfumes.

Danish photography buffs, for instance, can save 53 per cent on compact cameras by nipping over the border to West Germany and 25 per cent on films by making the same journey. Similarly, wide differences are shown for compact disc players, with Denmark coming out 69 per cent more costly than the UK and 56 per cent more than West Germany.

Perfume prices show a similarly dramatic difference, with Paris coming out as the most costly city in Europe, 35 per cent more expensive than Lisbon. This is also the one product where Danish consumers get a relatively good deal, paying only 5 per cent more than their Portuguese counterparts.

Prices for car spares do not on average vary dramatically—by 25 per cent at most between the UK and Belgium—but the variation between spares prices for individual models can be huge. Austin Rover Metro parts, to take the most extreme example, cost 52 per cent more in West Germany than they do in the UK.

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Coalition parties confront Craxi

BY JOHN WYLES IN ROME

LEADERS of Italy's five governing parties will seek to establish next week whether the Prime Minister, Mr Bettino Craxi, is really intent on forcing an early general election.

The Socialist leader has created immense turmoil this week by implying that he will not go through with an agreement made last summer which appeared to require him to hand over to a Christian Democrat at the beginning of April.

In a bid to exploit the ensuing fractures in the coalition, the opposition Communist Party has tabled a motion of no confidence in the Government. This will be debated after the party leaders' meeting and could be the occasion of the Government's downfall if the Christian Democrats give vent to their growing outrage at Mr Craxi's behaviour.

A measure of the situation's gravity was the absence yesterday of declarations from any political leaders of note. All the parties appear to believe that the drama—which used to be a ritual forerunner to frequent chnges of government until the three and a half years of Craxi administrations — is moving towards a climax.

Both the Christian Democrats and the Socialists want the other to provoke the final break in the belief that a price will then be paid at the polls. Mr Ciriaco Di Mita, the Christian Democrat leader who had hoped that his party would lead the government into elections in June next year, appears ready to bring down the government if it can be clearly shown that Mr Craxi is reneging on last summer's agreement.

Sweden plans higher spending on research

By Sara Webb in Stockholm

THE Swedish Government has posed increased spending on research and development, and has decided to place more emphasis on further education and the creation of jobs in research.

It will also push ahead with its controversial decision to make the commercial banks contribute money for research and development.

The Government propoess spending SKr 37.85bn (£3.8bn) over the next three financial years (1987-88 to 1989-90), an increase of SKr 1.2bn on the current three-year research budget.

Research and development accounts for 2.7 per cent of gross national product, which Sweden claims puts it on a par with West Germany

Nearly half the funds will be spent on higher education, creating research posts and professorships.

The remainder will be split between research and development in environmental issues, biotechnology, information technology, polar research, and on the humanities.

The commercial banks will contribute towards a further SKr 200m for each of the three years.

Danish pollution vote leaves Folketing split

BY HILARY BARNES IN COPENHAGEN

THE MINORITY non-Socialist Danish coalition parties avoided an overt defeat in the Folketing (parliament) yesterday by abstaining in a vote calling on farmers to slash their use of artificial fertilisers by a quarter within two years or face penal taxes on fertilisers.

In a similar situation, any other government would have resigned, and so should this one, said Mr Sven Auken, a leading spokesman for the opposition Social Democratic Party.

But Prime Minister Poul Schlüter said that he would draw no parliamentary consequences from yesterday's vote until the Government's plan for cleaning up Danish coastal waters had completed the committee stage.

Yesterday a centre-left "Green" majority resolved that the Government plan was unsatisfactory. It said that if a reduction in the use of artficial fertilisers from about 400,000 tonnes a year at present to 300,000 tonnes in 1989 and 250,000 tonnes in 1990 had not taken place, a tax of DKr 3 (14 US cents) per kilo in 1989 and DKr 6 in 1990 should be placed on fertilisers.

Dutch production flat

BY LAURA RAUN IN AMSTERDAM

DUTCH industrial production was flat at an index level of 106 in 1986 compared with 105 the previous year (1980 = 100), according to seasonally adjusted figures from the Central Bureau of Statistics.

Industrial output was slowed by a 4 per cent drop in the energy sector and stagnation in the chemical industry although rubber and synthetics spurted 7 per cent. The central planning bureau has forecast that industrial production will expand by 2.25 per cent this year but more recent indications are that growth will be slower.

Meanwhile, oil production soared 24 per cent to 35.8m barrels last year from 28.9m barrels in 1985, according to the Economics Ministry. Offshore output jumped 35 per cent despite a fall in the number of wells for exploration, evaluation and production, from 78 to 65.

OVERSEAS NEWS

Deng under fire from Peking conservatives

BY COLINA MACDOUGALL

CHINA'S supreme leader, Deng Xiapping, who has directed Peking's reform policy since 1978, has for the first time come under attack from conservative communists in the current campaign against "bourgeois liberalism."

In a speech this week, Wang Zhen, vice-chairman of the party's Advisory Commission, attributed to Deng's leadership the weakness in the party since 1979, while the party journal Red Flag noted that in recent years "the leadership was rather incomponent on the ideological and theoretical front."

While ostensibly praising Deng for upholding the "four principles" of socialism (party leadership, the socialist road, the people's democratic dictatorship and Marxist-Leninist-Mao thought), Wang noted twice that Deng's leadership had seen a breakaway by some party comrades who opposed these principles.

Attacking the leadership for "incompetence," the Red Flag commented that those in the party who advocated "bourgeois liberalism" were fearless in the knowledge that they had "strong backing."

As the chief architect of China's recent policies and the most dominant leader of the reformist group, Deng is clearly the target of this criticism.

At the same time, other prominent conservative leaders have continued to undermine the reformisus by pushing for a reversal of their policies.

Bo Yibo, senior Vice-Chairman of the Advisory Commission, on a visit to the key port city of Tianjin, stressed that "experienced" elderly officials should not retire, as they have been supposed to do under the reforms, but continue to work with the new younger men.

He also emphasised that dedication to revolution was more important than professional competence.

Deng Liqun, a party secretariat, who masterminded the destructive "anti-spiritual pollution campaign" of 1983, has called for an investigation of college students and their families by party, government and work units.

This is in direct contravention of the policy expressed by reformist leaders, that there would be no witch-hunt following the dismissal of Hu Yaobang, party general secretary, and the student demonstrations earlier this winter.

Worrall to challenge Heunis in election

By Anthony Robinson in Johannesburg

MR DENIS WORRALL, the former South African Ambassador in London, last night injected a note of excitement into the whites-only election campaign by announcing his decision to stand as an independent against Mr Chris Heunis, Minister for Constitutional Development.

The decision to challenge his former National Party colleague on May 6 in the Cape seat of Helderberg follows a week of intensive talks with political figures across the spectrum.

At the last election, Mr Heunis won the seat with a 2,942 majority in a straight fight with the Progressive Federal Party (PFP).

The PFP is reserving its own decision about contesting the seat until it sees Mr Worrall's election manifesto, but is expected to stand aside to permit a straight contest.

Mr Worrall criticised the National Party's own election manifesto, released earlier this week, as being as "exciting as a wet lettuce" and has made clear he will campaign in support of the Indaba Proposals for a multi-racial constitution for Natal Province.

Ciskei attack embarrasses Pretoria

BY ANTHONY ROBINSON

PRESIDENT LENNOX SEBE, ruler of the "independent" homeland of Ciskei, escaped unscathed yesterday after an early morning attack on the presidential palace by a truckload of armed men. The attackers, one of whom died, are believed to have come from nearby Transkei but were disguised in Ciskeian military uniforms.

The attack on the capital, Bisho, is the latest incident in an escalating conflict between the two Xhosa-speaking homelands which are separated by a narrow strip of "white" South Africa. It first erupted last September when two groups of armed white men abducted Mr Charles Sebe, the president's half-brother and erstwhile Minister of Security, from a Ciskeian jail and took him to the Transkei. The former feared security boss was serving a 12-year sentence for allegedly plotting the overthrow of his brother in 1983.

Two top Ciskeian security officials, Maj-Gen Kwane Sebe, the President's son and his second in command, were abducted at the same time and subsequently appeared before a Transkeian court. They were charged with the attempted kidnap of former Ciskeian government officials.

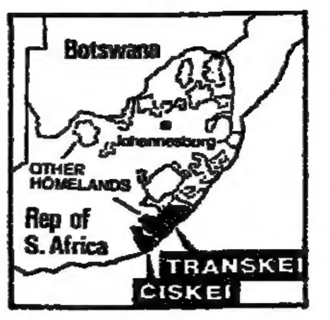
The South African Government considers both homelands to be independent countries and over the last six months senior officials from the Department of Foreign Affairs have tried without success to mediate in a dispute with embarrassing implications for Pretoria's homeland policy.

Under this policy over 12m blacks have been made citizens of four "independent" and six non-independent homelands. These enjoy varying degrees of local autonomy but are economically, geographically and in other ways largely dependent on South Africa.

The 3m strong Transkei, led by Prime Minister George Matanzima, is pressing for amalgamation of the smaller Ciskei into a united Xhosa-speaking homeland and has provided support for internal opponents of President Sebe. The latter has brought a degree of prosperity to the Ciskei by unconventional "supply-side" economic policies, but lacks the tribal legitimacy of the Transkeian ruling clan. Last year President Sebe cancelled plans for a general election and has been strongly criticised for repressive police action since independence five years ago.

The simmering enmity between the leaders of the two homelands came to a head earlier this week when the Ciskei Government issued an ultimatum obliging all Transkeian citizens to leave by August 31. This was in response to a statement by Prime Minister Matanzima that "Transkei will amalgamate with Ciskei whether President Sebe likes it or not."

The homelands remain a vital plank in Pretoria's overall neo-apartheid strategy, although this is being modified to restore South African citizenship to those nominal homeland citizens who actually live and work in the republic. But plans to increase the number of "independent" homelands backfired last year when tribal



chiefs in Kwandebele, north of Pretoria, rejected independence.

Further evidence that Pretoria is determined to carry on consolidating and extending the size and population of the black homelands emerged this week, however, when the Government confirmed its long term aim of incorporating some 400,000 blacks living at the Onverwacht resettlement camp near Bloemfontein into Qua-Qua, the tiny homeland in the lee of the Lesotho mountains whose population is less than 200,000.

Work is proceeding apace on a new homeland parliament and government offices to house the expanded homeland administration.

The entire homeland strategy, and the Government's proopsals to create semi-autonomous black city-states inside South Africa, are rejected by opposition groups such as the African National Congress (ANC) and the United Democratic Front (UDF), who revile homeland leaders as "sell-outs."

But the homeland concept, part of Dr Hendrik Verwoerd's "constellation of states" theory, is even rejected by several homeland leaders such as Chief Catsha Buthelezi of Kwazulu and Mr Enos Mabuza of Kwancame. Both have agreed to serve only in order to transform them.

The most radical proposal on the agenda is for the incorporation of Kwazulu into Natal province to form one multi-racial regional government. This controversial proposal goes beyond government insistence on ethnically-based political structures and promises to become a major issue in the whites-only election now under way. Pretoria does not need further complications at this stage from Ciskei to underline the shaky basis and fragile complexities of its homeland strategy.

Iran scorns Baghdad's offer to halt bombing

By Our Middle East Staff

IRAN yesterday promptly dismissed as a "deception" Iraq's announcement that it would cease its punitive bombing raids on population centres for two weeks provided its enemy also stopped shelling urban areas.

The offered truce began at mid-day yesterday. Earlier, Iraqi aircraft were reported to have attacked four cities, killing a number of civilians, according to the official Islamic Revolutionary News Agency in Tehran which did not name the targets.

The Iraqi offer was rejected with angry defiance as a ruse aimed at giving Baghdad breathing space "to renew its crimes at a future time."

Before the announcement, Hojateslam Ali Akbar Hashem Rafsanjani, Speaker of the Iranian Majlis (parliament), had threatened "additional devastating blows" aimed at bringing down the régime of President Saddam Hussein.

Iraqi aerial attacks on Iranian cities and towns have caused extensive damage and many casualties, leading to a major exodus to safer areas. Yet, in terms of morale, it is reported only to have produced a sullen defiance.

Companies fear cut in China's foreign dealings

BY ROBERT THOMSON IN PEKING

NUMEROUS foreign companies are concerned that unusually delayed payments by Chinese organisations could be a sign that the country is suffering a serious shortage of foreign exchange that will lead to a cutback in financial dealings with foreigners this year.

Representatives from Japanese and West European companies report that often late-paying organisations are further behind schedule than normal, and a few have admitted they are suffering from chronic foreign exchange shortages.

The concern, which has also been expressed by diplomats from several countries, comes amid a conservative-led campaign by the Communist Party against "bourgeois liberalisation," by which the party means Western influence.

Chinese trade officials have privately admitted that business has been hit by a "chill," but the Chinese leadership has repeatedly said no change will be made to the "open door" policy that has welcomed foreign companies.

"I have been optimistic since I have been in China, but now I am pessimistic," said one European businessman, a long-time resident. He expects his company's business to be down about 50 per cent this year on 1986.

China's foreign exchange reserves at the end of last September were $10.37 bn (£7.4bn) according to the People's Bank of China, the central bank.

However, diplomats believe the figure, down about $1.5bn on the previous quarter, could be overstated.

Analysts also suggest that a surge in imports in the fourth quarter of last year could have contributed to the decline of exchange reserves, which reached a peak of more than $16bn in late 1984.

Meanwhile, the state statistical bureau yesterday released incomplete figures on the country's economic performance last year. The bureau reported that industrial output exceeded the planned level of 8 per cent, but did not give a precise figure.

Inflation last year was said to have been 6 per cent, down from 8.8 per cent in 1985, but diplomats suggest that the real rate could be at least twice as high as the official figure.

Price increases have become a sensitive political issue, and the Government recently re-introduced price controls in an attempt to slow the rate of increase.

The bureau said the Government had succeeded in lowering the increase of investment in fixed assets by state-owned enterprises from 41.8 per cent in 1985 to 15.3 per cent last year.

Grain production, another sensitive political issue, was up 11.99m tons to 391.09m tons, but that has not stopped senior conservative officials warning that the country is in danger of collapse unless grain output is increased significantly.

Naira falls 23% against $

NIGERIA'S see-sawing naira currency moved sharply again at the weekly official foreign exchange auction yesterday, falling by 23 per cent against the US dollar, central bank officials said, Reuter reports from Lagos.

The rate was fixed at 3.9050 naira to the dollar compared with last week's rate of three naira which was set after an unprecedented intervention by the government.

Yesterday's slide was largely due to the fact that only $50m was on offer, forcing up demand, compared with $75m on sale last week, bankers said.

The effective rate for foreign exchange transactions in the coming week, which includes a 0.5 per cent central bank levy, was set at 3.9246.

Operation of the weekly auctions, which began last September and led to an immediate *de facto* devaluation, aroused controversy last week when the government overruled the central bank and imposed a rate of three naira to the dollar.

That was the original market rate but the bank, deeming that it overvalued the currency, intervened to set a rate of 3.50.

Fresh Shi'ite call to arms mars Syrian peace hopes

BY NORA BOUSTANY IN BEIRUT

A SHI'ITE call to arms yesterday to counter a new Druzo-leftist alliance and sporadic combat in localised areas of west Beirut marred hopes for a durable pacification sought by Syria following four days of battles for control of the city. Mr Nabih Berri the Amal chief issued a fervent plea to his men to "fight and persevere until victory or martyrdom."

In Beirut, a joint Syrian-Lebanese security force backed by commanders of the rival Druze and Amal militias set up main points of disengagement in contested neighbourhoods, established as new confrontation lines.

However, Communist Party officials, whose Soviet-trained regulars had fought alongside Mr Walid Jumblat's mainly Druze Progressive Socialist Party militiamen to break the back of the dominant Shi'ite Amal movement in Beirut, said the Syrian-imposed ceasefire would not last.

Druze and Communist combatants managed to seal off areas in which the state-run television station and the homes of senior Amal officials are located.

A military spokesman for Amal, Mr Tareq Ibrahim, termed the truce as "temporary and mainly aimed at providing the civilian population with a respite period.

"Those who have launched an offensive against us are not going to content themselves with battle for a day or two," he added.

Mr Hussein Al-Husseini, speaker of the Lebanese parliament, appealed to Syria's President Hafez Assad to step in and stop the bloodshed, while Mr Selim Hoss, Education Minister, lashed out against Lebanon's warlords "steering the population like cattle on the road to death, ruin and destruction."

Observers predicted that if the battle dragged on to Amal's disadvantage, elements of the Hizbollah ("Party of God") militia would be difficult to hold back from what is becoming a war of survival in Beirut for the Shi'ite community.

Syria would not stand by and watch its most important local ally suffer a crushing defeat, they said. But so far, there was no proof, despite repeated warnings, that Syrian troops were about to re-enter the Beirut quagmire in force.

AMERICAN NEWS

Citibank caves in over Chile loan terms

By Alexander Nicoll, Euromarkets Editor

CHILE'S advisory committee of leading bank creditors has resolved a long-standing internal wrangle which had been blocking *progress on agreeing a new* loan of some $400m (£261m) to the country.

Bankers close to the negotiations said yesterday that a consensus had been reached on so-called "re-timing," an alteration sought by Chile to the usual interest payment schedule in order to reduce the amount of money it needed to raise.

Citibank, a member of the committee which is chaired by Manufacturers Hanover, had previously held out against the alteration, apparently fearing that it would set a precedent for other debt negotiations.

It was understood to have come under strong pressure from both fellow committee members and from Washington to modify its stance. Bankers and US officials have said Chile's request deserved consideration because it had fulfilled its obligations under previous debt accords and under its International Monetary Fund (IMF) programme.

Citibank has stirred considerable unpopularity among other large *creditor* banks for the tough line it has taken in talks on Chile and the Philippines.

Under the "re-timing" plan, Chile's interest would be payable once a year, based on a margin over one-year London interbank offered rates (Libor), instead of every half-year based on six-months Libor as at *present.* This change would reduce the amount of new money Chile needs by over $400m.

Bankers stressed that the reaching of a concensus on re-timing did not mean that agreement had been reached on the new *loan.* The *advisory committee* was continuing to meet yesterday with Chilean officials

The committee was understood to be *working* on *plans* for the new loan to be made in parallel with a World Bank financing.

Volcker warns against retreat into protectionism

MR PAUL VOLCKER, Chairman of the US Federal Reserve Board, yesterday delivered his biannual report on US monetary policy and the economy to the Senate Banking, Housing and Urban Affairs committee. The following is an edited version of his remarks:

The Economic Setting: The current economic expansion—now extending into its fifth year—is already among the longest in peacetime history. It is unusual in other respects as well, including the absence of certain signs of cyclical ex excesses that often develop after years of expansion.

While the overall rate *of* economic growth has been rather moderate since mid-1984, averaging about 2½ per cent a *year, that growth* has been maintained despite strong pressures on sizeable sectors of the economy.

More importantly, both the inflation rate and interest rates, after four years of expansion, are substantially lower than when the recovery started.

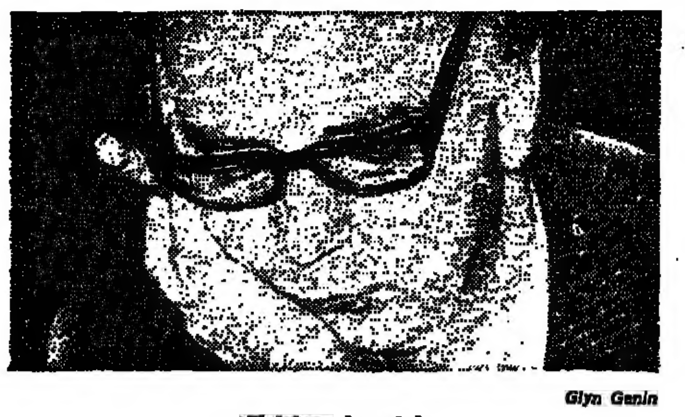
But if the traditonal indicators of cyclical problems are largely absent, it is also evident that the economy is struggling with structural distortions and imbalances that, for us, have little precedent.

Economic activity over the past two years has been supported very largely by *consumption. That has been* at the expense of reduced personal saving rates that, by world standards, were already chronically low. At the same time, the huge federal deficit is absorbing a disproportionate amount of our limited savings.

For a time, we have largely escaped the adverse consequences for financial markets of that insidious combination of low saving rates and high federal deficits by drawing on capital fro mabroad — the flow *of which in 1986 actually* exceeded all the savings by US households.

The other side of that coin, however, is a massive trade and current account deficit, restraining growth in manufacturing generally and incentives for the industrial investment that we will need in the years ahead.

The simple facts are that we are spending more than we



Glyn Genin

Volcker: hopeful

produce and that we are unable to finance at home both our *investment needs* and the federal deficit. Those are not conditions that are sustainable for long — not when, as at *present,* the *influx of capital* from abroad cannot be traced to a surge in productive investment.

It is not sustainable from an economic perspective to pile up foreign debts while failing to make the investment that we need both to generate growth and to earn the money to service the debts.

It is not supportable politically, as the pressures on our industrial base are transmuted into demands for protection.

Ultimately it will not be supportable from an international perspective either, as the confidence that underlines the *flow of foreign savings will* be eroded.

Sooner or later, the process will stop. The only question is how.

The Broad Policy Approach: In concept, we could shut off the flow of imports by aggressive, broadbrush protectionist measures. But the result would be to drive up the rate of inflation and interest rates here, to damage growth abroad, and to invite retaliation. Instead of sustained and orderly growth, we would invite world-wide recession.

We could try to drive the dollar much lower—or complacently sit back while the market forces produce that result. But that too would undermine the hard-won gains against inflation, and would risk dissipating the flow of foreign capital we for the time being *need.*

The stability of financial markets would be jeopardised, and export prospects could be *undercut by adverse effects on* growth abroad.

There is a reasonable alternative. It is more complicated, but at the same time much more promising.

We can draw upon a combination of policy instruments to encourage the needed adjustments. Results may take time. But those results will come with greater certainty—and they should be consistent with maintaining growth both here and abroad, with progress towards underlying price stability and win open markets.

That is, in fact, the course on which we are embarked.

Important steps have already been taken in the needed directions. Most obviously, the value of the dollar vis-a-vis the currencies of other industrialised countries has declined substantially, placing our industry in a much stronger competitive *position.*

The volume of exports is rising, despite relatively slow growth abroad. The deterioration in the trade deficit overall appears to have been stemmed, even if clear evidence of a reveral is still lacking.

Moreover, while the depreciation of the dollar inevitably carries in its train rising import prices, we have been fortunate that the initial impact on the overall price level was more than offset by the fall in oil prices.

ECONOMIC PROJECTIONS FOR 1987
(Per cent change, fourth quarter to fourth quarter)

	FOMC† members and other FRB‡ presidents: Range	Central tendency	Administration	CBO§
Nominal GNP	4.5 to 7.5	5.75 to 6.5	6.9	6.5
Real GNP	2.0 to 4.0	2.5 to 3.0	3.2	3.0
Implicit deflator for GNP	2.5 to 4.0	3.0 to 3.5	3.6	3.4
Unemplymnt rate (4th qtr %)	6.5 to 6.75	6.5 to 6.75	6.5	6.6*

* Civilian unemployment rate. † Federal Open Market Committee. ‡ Federal Reserve Bank. § Congressional Budget Office.

Source: Federal Reserve Board.

The underlying inflation rate, measured by trends in wages *relative to productivity,* has continued to fall.

We have also been fortunate that the flow of capital from abroad, *buoyed by the rising* stock and bond markets here and by some declines in interest rates abroad, has been well *maintained as the dollar depreciated.*

The projected reduction of $40bn to $50bn in the budget deficit this year is from a record high deficit of more than $220bn in fiscal 1986—more than 5 per cent of the GNP—and it is being assisted by some temporary factors. Progress next year will be harder.

International Consistency: "Inevitably, because we loom so large in the world economy, marked improvement in our trade balance will be matched by noticeable deterioration elsewhere. Appropriately, that should take place largely in the major countries with exceptionally large surpluses — notably Japan and Germany, both of which are now experiencing some decline in real net exports.

That process cannot take place effectively unless those countries and others *are able* to maintain a strong momentum of internal demand.

Some newly industrialised countries also have clear responsibilities for contributing to a better world balance. Taiwan and Korea, in particular, have or are building external surpluses that are large even by the standards of the traditional industrial powers.

In that connection, most of the developing world, already carrying heavy debt burdens, is in no position to revalue currencies or to absorb much higher imports (from the United States or from others) without more or less parallel increases in their exports.

For us to close our markets to them now would assuredly thwart prospects for expansion, and with it the encouraging progress that has been made toward both more open, competitive economies and political democracy. What is needed instead is greater access by those countries to growing markets in Europe and Japan as well as here.

The Debt Situation: I cannot neglect emphasising one further continuing threat to growth and financial stability involving the developing countries. Management of the debt problem of Latin America and some other developing countries is again at a critical stage.
M/C 13 8/8½

In recent months, the process of reaching agreement on adequately supportive and timely financing programmes, whether by restructuring existing debts or by arranging what new loans are necessary, has conspicuously slowed.

Implications for US Policy: Several key implications of all this for the US should be clear.

● *First,* the process of restoring external balance requires first of all that we tend to our inescapable responsibilites to deal with out budget deficit.

● Second, we have to recognise that the needed adjustments will require a relative shift of financial and real resources into internationally competitive industry and away from *consumption* and federal deficits.

● Finally, achieving these goals in the context of sustained growth and reasonable price stability is beyond the capacity of any single policy instrument. *Quite obviously,* monetary policy will have a critical role to play. But there will also be a heavy premium on maintaining discipline and sound judgment amid potentially conflicting criteria.

Rapid Growth of Money and Liquidity: Throughout 1986, monetary policy accomodated a relatively rapid growth in the various monetary aggregates: the narrowly measured money supply—M1—grew at a particularly rapid pace.

This generous provision of reserves and expansion in money took place in, and appeared justified by, an *environment* of *restrained* economic growth and declining inflationary pressures.

The Approach to 1987:

The Committee remains highly conscious of the long historical patterns that relate high rates of monetary growth over time to inflation. Consequently, in approaching 1987, it starts with the strong presumption that such growth should be moderated. Reflecting that intent, the tentative target ranges for M2 and M3 set out last July of 5½ to 8½ per cent were reaffirmed.

While anticipating much slower *growth* than in 1986, the Committee did not set out a specific target range for M1.

Instead, the Committee will monitor M1 closely in the light *of other information,* including whether or not changes in that aggregate tend to reinforce or negate concerns arising from *movements in M2 and M3.*

Concluding Comments: In sum, we face, at one and the same time, most difficult and most promising economic circumstances.

They are difficult because there are obvious *distortions* and imblances within our economy and internationally. Unless dealt with forcibly and effectively, *those* imbalances will impair *both* growth and price stability—and the adverse implications will be amplified by the effects on other countries.

Economic growth in US slows to 1.3%

THE US economy grew at a weak annual rate of 1.3 per *cent* during the final three months of 1986, down from the previous estimate of 1.7 per cent, **Reuter reports from Washington.**

The Commerce Department said gross national product (GNP), which measures the nation's output of goods and services, expanded by 2.5 per cent in the full year, the same as estimated *previously.*

The weak fourth quarter compared with a growth rate of 2.8 per cent in the third quarter.

The revised estimate for the fourth-quarter GNP was lowered as a result of a sharp downward revision in inventories of $12.9bn (£8.4bn). Inventories of manufactured *durable goods, such as* machinery and electrical products fell noticeably.

However, the revisions also showed the trade deficit was less of a drag on GNP than previously thought. Net exports were revised upward $4.5bn and non-residential fixed investment up $4.9bn.

The shortfall between US *exports and imports reached a* record $170bn last year and the Reagan Administration had pledged to cut the deficit.

The *implicit* price deflator, an inflation gauge, rose a revised 0.7 per cent in the fourth quarter, the smallest increase since the second quarter of 1967, when the deflator was at zero, the Commerce Department said. Previously, the deflator had increased by 1 per cent.

Personal consumption spend*ing fell $600m in the fourth* quarter after rising $39.6bn in the third quarter.

The 1.3 per cent increase in real GNP of $11.9bn brought the total to $3.698 trillion (*million million*) at an annual rate. In current dollars, GNP rose 1.9 per cent to $4.31 trillion in the fourth quarter after rising 6.4 per cent in the third quarter.

Managua agrees to peace talks

NICARAGUA YESTERDAY accepted an invitation from its four neighbours to discuss a new Central American peace plan, but insisted the proposal should not supercede the existing Contadora negotiating process, **Peter Ford reports from Managua.**

In San Jose last weekend, the Presidents of El Salvador Honduras and Guatemala refused to endorse a plan by Costa Rica's President Oscar Arias before discussing it *further* with Nicaragua.

The new initiative would require all Central American governments fighting guerrilla wars to declare immediate ceasefires and early amnesties.

Managua insisted on "an end *to* US terrorist policy," a dialogue between all five Central American leaders, support for Contadora, and "*unconditional dialogue* between the US and Nicarague."

Canada plans lower tax rates

BY BERNARD SIMON IN OTTAWA

THE Canadian Government plans to lower personal tax rates and significantly broaden the corporate tax base as part of a package of sweeping tax reforms likely to be put in place early next year.

After tabling a budget described as a "breathing space" prior to tax reform, Mr Michael Wilson, Finance Minister, said the Government will publish its detailed tax proposals in the spring. These will *be followed* by several months of consultation.

The budget includes tax increases on fuel, tobacco and airline tickets to help Mr Wilson meet his target of reducing the budget deficit to C$29.3bn (£14.3bn) in the fiscal year to March 31 1988 from C$32bn in the current year. Government finances have been severely eroded by the slump in world energy and grain prices.

Mr Wilson said the limited scope of the budget did not preclude measures later this year to promote diversification of the depressed resource-based economies of western and Atlantic Canada, or further assistance to grain and energy producers.

The budget forecast a real gross domestic product growth rate of 2.8 per cent *this* year, down from 3.3 per cent in 1986. Inflation is expected to decline from 4.1 per cent to 3.9 per cent and unemployment from 9.4 per cent to 9 per cent. The budget also assumes a substantial further decline in domestic interest rates.

Reaction to the budget was muted ahead of the tax reform package. Opposition parties criticised the Government for delaying the report to gain maximum political advantage ahead of elections likely to be held either next year or in 1989. According to public opinion polls, the ruling Progressive Conservative Party, damaged by a series of scandals and blunders, currently has support of fewer than one in four voters.

Mr Wilson indicated that a centrepiece of the tax proposals will be a clampdown on trading in corporate tax losses accumulated *during the last recession.* This form of tax avoidance cost the Treasury an estimated C$800m in lost revenues last year.

No final decision has been taken, but the present federal sales tax on manufacturers is expected to be replaced by a business transfer tax similar to VAT.

Mr Wilson said that "the major thrust of tax reform will be to simplify the tax system, to limit special preferences and provide incentives through lower tax rates."

Reagan lifts remaining sanctions on Poland

PRESIDENT *Ronald Reagan* yesterday lifted remaining sanctions imposed on Poland following its crackdown on the Solidarity labour movement but said the Polish Government needed to institute further reforms, **Reuter** *reports.*

"There is still far to go," Mr Reagan said. "The threat of arrest still hangs over those who seek their freedom National reconciliation remains a dream —a goal for the future, rather than a reality for today.

"The Polish Government has taken steps that lead me to believe that Poland should be *given a renewed opportunity* to address its trade obligations with the benefit of most-favoured-nation (MFN) tariff treatment."

But the US would be watching "to see that further steps are taken toward national reconciliation . . and that progress is not reversed."

Administration officials said, however, that some Polish-American groups opposed Mr Reagan's action.

● *Poland's official communist* dealy Trybuna Ludu described the move as a sign of "realism and rationalism" on the part of the Reagan Administration.

Poland hoped that the ending of sanctions would "grow correspondingly to the practical normalisation of political, economic and cultural relations," Trybuna Ludu added.

The US move follows a visit to Warsaw last month by Mr John Whitehead, Deputy Secretary of State, during which he met Mr Lech Walesa, *former* leader of Solidarity, as well as Gen Wojceich Jaruzelski, the Polish leader.

Israel to answer questions on Iran arms scandal

ISRAEL will give the US congressional committees investigating the Iran-Contra controversy written answers to questions about the Israeli role in secret arms sales to Iran, **AP reports from Washington.**

"We have a significant agreement about co-operation," said Mr James Wright of Texas, House of Representatives Speaker, "We will respect their sovereignty and they will respect our need for information."

Senator Daniel Inouye, Chairman of the Senate Iran-Contra investigating committee, said Israel has agreed to compile a "chronology of national transactions and contacts with US officials," and make it available to investigators.

Mr Yitzhak Shamir, the visiting Israeli Prime Minister, confirmed the agreement. It was unclear whether it would include the actions of private Israeli *arms dealers.*

In addition, Mr Inouye said the two committees will prepare a set of questions and the Government of Israel "will

David Fishlock talks to Dr David Rossin, assistant secretary for nuclear energy

US debates N-reactor design

HAS the present generation of American nuclear reactors had its day, just as Britain seems likely to place its first order?

Some US nuclear industry observers believe this is so. Although over 100 commercial reactors are running in the US, and 10 more are expected to come into service by 1990, no new light water reactor (LWR) has been ordered since the accident on Three Mile Island in 1979. Cancellations in the last decade total 111.

A couple of working reactors may yet be killed off because of apparently unsurmountable licencing problems.

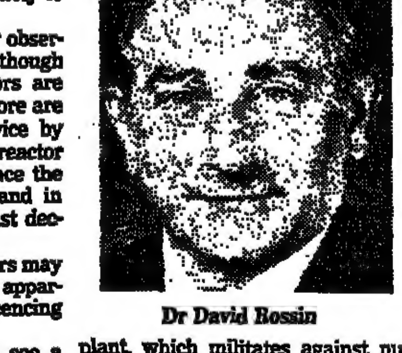
Some Americans want to see a new approach taken to reactor design, *focusing on smaller units and* so-called "inherent safety", for which several concepts are now being touted.

Dr David Rossin believes otherwise; that the future for US nuclear energy lies in getting the present designs right, both in costs and in public acceptability.

Dr Rossin is the US Administration's top adviser on civil nuclear energy, newly recruited from a senior role in reactor safety with the US electricity industry. He knows the problems of present designs at first hand.

As assistant secretary for nuclear energy at the Department of Energy in Washington, he is official spokesman and the technology's principal voice on Capitol Hill. A "yeoman *of the nuclear establishment,*" as one observer sees him, Dr Rossin brings wit as well as immense expertise to the task.

He says his highest priority is to reopen the option of commercial nuclear electricity in the US. Today it is bedevilled both by the safety issue and by the traditional US method of financing new electricity



Dr David Rossin

plant, which militates against nuclear energy because of its high capital but low running costs.

Dr Rossin is a metallurgist in his mid-fifties who has spent a career in nuclear energy, for the first 17 years with the Argonne National Laboratory near Chicago, a fountainhead of reactor invention. Since then he has been research director of Commonwealth Edison in Chicago, one of the foremost US customers for nuclear reactors.

Until late summer he was director of the Electric Power Research Institute's nuclear safety analysis centre in California, concerned with reactor safety nationwide.

"Not money, not climate" persuaded Dr Rossin to move East. It was the challenge "to see if I could do something," thrown down by the US Cabinet, he says, with twinkling good humour. As a scientist he was all too familiar with the problems but had never previously worked for the government.

He brings ideas but says they warned him the hardest part of the job would be managing his own time. "It's hard as hell getting the time to think clearly.

But Dr Rossin is clear on one point. The advanced light water reactor (ALWR) as a "clean, more *simple design with all the* necessary safety features," but rid of clumsy redundancies.

One example he offers of where US designers and regulators have run amok in response to pressures for greater safety is in earthquake resistance. So many "snubbers," as they call pipe restraints, have been added that costs have soared skywards and access for maintenance been made almost impossible.

His own analyses show that many of them are superfluous and add *nothing to safety,* he says.

Another example is emergency power services, where so many circuits have been loaded on that the extra safety sought is now being eroded.

The ALWR concept aims to bring *the latest safety analyses to* bear on design concepts for the pressurised water reactor (PWR) and boiling water reactor (BWR). "We're not talking about a new technology. We're talking about cleaning up a technology."

This is precisely what the Central Electricity Generating Board claims to have done in arriving at its design for a "British PWR" based on Westinghouse reactor technology, for Sizewell B.

Dr Rossin believes the ALWR concept will go into commercial operation in the US without need for a demonstration, because the basic principles are already established. But the ALWR must first surmount a complete safety review by the Nuclear Regulatory *Commission, the* Government's nuclear inspectors.

It will also require the support of Congress – and *it* is Dr Rossin's task to win that support. His office will be spending over £10m this year to help fuse industry's ideas for the ALWR into a single, saleable concept.

While he does not take seriously, he says, suggestions that the LWRs should be abandoned, he nevertheless believes it "healthy" to have alternative reactor designs available. His office is focusing on three modular concepts for designs sufficient*ly novel to need demonstrations* before commercial orders could be sought. This puts the prospect of commercial sales close to the end of the century, at the earliest.

One is a high-temperature gas-cooled reactor, running hotter than Britain's troublesome advanced gas-cooled reactor (AGR) but simpler in design. The HTGR has strong Congressional support, Dr Rossin acknowledges, and hence the most generous funding of the three concepts.

Another advanced concept is based on the plutonium-fuelled fast reactor, or liquid-metal breeder reactor (LMBR), as Americans call it. *The US and Britain* are each spending about £100m a year on this technology; the UK in collaboration with France, West Germany and other European partners in their fast reactor club.

Dr Rossin's office has been in deep shock since Congress cancelled funds for its Clinch River LMBR demonstration – its lead project – three years ago. His own post remained vacant for two years.

The new incumbent is unhampered by any past associations with this or any other specific reactor design. David Rossin has recently initiated a meeting with the leading *fast reactor club* partners, seeking agreement to exchange advanced fuel technology, particulary for the LMBR.

It could be the first step towards US participation in the European club.

US tries to woo Israel away from Lavi project

US ADMINISTRATION officials will take the opportunity of this week's official visit to Washington by Mr Yitzhak Shamir, the Israeli Prime Minister, to make another determined effort to persuade Israel to drop its controversial Lavi aircraft project.

McDonnell Douglas and General Dynamics, of the US, have just completed a series of presentations in Israel on possible alternatives to the Lavi.

Washington has exerted unrelenting pressure on Israel to cancel the largely US-financed $8bn project on the grounds that it is not cost effective. The National Unity Government says, without enthusiasm, that it is prepared to look at other options, but in the meantime Israel Aircraft Industries (IAI) is pressing ahead with the Lavi's flight test programme.

The choice would no doubt prove tempting for any other potential customer. The permutations of the latest in US military hardware on offer range from the McDonnell Douglas AV-8, US-built version of the Harrier, to the F-18 Tigershark.

To overcome strong resistance from the Israeli defence industries' lobby, a combination of co-production and local work is being suggested in each case. If Israel were to opt for more of the General Dynamics F-16 aircraft it has in service, the offer includes licensed co-production in Israel.

As a further incentive, the Pentagon is also proposing participation in its Advanced Tactical Fighter project for the 1990s.

Andrew Whitley reports on offers Shamir may find hard to refuse

The five optional packages presented last month to Defence Minister Yitzhak Rabin by Mr Dov Zakheim, the senior Pentagon official charged by Mr Caspar Weinberger, the US Secretary of Defence, with stifling the Lavi in its crib were:

- 300 multi-role Harriers
- 250 Harriers plus another 50 F-15 Eagle interceptors (50 are already in service)
- 300 F-18s
- An additional 300 units of the F-16C, the latest version, on top of the 75 being delivered this year
- 300 Israeli-version F-16s, containing the avionics and part of the Pratt and Whitney 1120 engine designed for the Lavi.

The so-called "fly-away" price tag on each option varies enormously, from $14.6m for the basic F-16C, to nearly twice that figure for the most sophisticated of the eight versions of the F-15 offered by McDonnell Douglas.

However, as in any large defence procurement contract, the tug-of-war between Tel Aviv and Washington is being waged with often misleading rival cost estimates. While IAI insists that, based on a series production run of 30 aircraft, the Lavi will cost between $15.5m and $16.5m, Mr Zakheim's estimate goes as high as $22m.

An independent report commissioned by the US Congress General Accounting Office plumped safely for an intermediate figure, believed to be around $18m.

The Defence Ministry, admitting that IAI is "a little biased," is now reworking its own cost estimates. It should have these ready for Mr Rabin within a month. But, with less than 10 per cent separating IAI and the GAO, the Israeli state-owned company is confident its infant will be vindicated on both cost and performance grounds.

But, just as that battle seemed to be over, the focus has shifted to another, even more crucial question, which also has far reaching cost implications.

This is whether the Israeli Air Force really needs, and can absorb, an additional 300 front-line aircraft in the foreseeable future — or whether this is simply a politically expedient number to justify what may turn out to be an economically unjustifiable defence project.

Although it will not admit it publicly, the Air Force high command is known to feel that, on top of the 720 combat aircraft it will have in its inventory by the end of 1987, 75 to 100 Lavis, or Lavi-equivalents, is the most the armed forces can cope with. The total envisaged production run has been scaled down already from 400 to 300 and the annual production rate from 30 to 24.

If production of the Lavi is restricted to only 150 aircraft instead of 300, the Israeli Defence Ministry claims the average unit price will only rise by 10 per cent. The Americans counter-charge that the cost will be "significantly higher".

According to one Western diplomat, by 1991 Israel will have spent $4.5bn on the Lavi and will have only one squadron in service. For the same money it could get 265 modified F-16s.

EEC to step up battle against US-Japan chip pact

BY WILLIAM DAWKINS IN BRUSSELS

THE EEC is to step up its battle against the US-Japan chip agreement next month.

The European Commission is due at a council meeting of the General Agreement on Tariffs and Trade on March 4 to demand a panel to be set up to investigate whether Gatt rules are being broken by the agreement, which regulates pricing and market access between the world's largest producer and largest exporter of chips.

Several Far Eastern chip importing countries may join the community in its Gatt complaint, driven by fears that they too risk losing control over the price of this key high-technology commodity.

A worried British computer manager said: "What we are talking about is possibly the most significant technology cartel ever. If it were to work, you would have around 80 per cent of the chip needs of Europe's computer manufacturers being dictated by the US and Japan."

The accord has had its own problems since it was signed last summer, chiefly because of Tokyo's alleged inability to stick to the agreement. Neverthe less, the EEC's concern can only be increased by Japan's attempt to save the pact by ordering its chip producers to make production cuts.

This is intended to raise prices so that it becomes harder to evade the pact by shipping cheap chips to the US via third countries. The production cuts might also help to alleviate oversupply in the industry—"a neat way of killing two birds with one stone," says one commission official.

Tokyo signed the accord to avoid a threatened US anti-dumping action. In return, Japan agreed to raise export prices and open up to 20 per cent of its chip market to foreign-affiliated suppliers.

The EEC's formal opposition started with bilateral negotiations with the two parties under Gatt's Article 22. These have achieved nothing, allowing the commission to start proceedings under Article 23, which allows for an independent panel to be set up, consisting of Gatt signatories agreeable to all sides.

This requirement could pose particular problems in this case, for few countries can fail to be affected by the chip pact. Once established, however, the panel could deliver an opinion within a few months, according to commission officials. The community could ask Gatt to request that the pact be stopped.

The EEC objects to the fact that Japan agreed to raise prices not just in the US but in all export markets. The aim was to allow US chip exporters to compete against the Japanese in third countries, while restricting the supply of cheap chips for third country computer manufacturers in competition with US chip customers.

The commission argues that this breaks Gatt rules restricting the right to take anti-dumping action only to the importing country affected. Moreover, it allows Japanese producers to increase prices of chips not made in the EEC, thereby penalising industrial consumers forced to buy from the Far East.

At the same time, the commission believes, Japan has been able to circumvent the accord by dumping in the community those types of chips which are made by EEC suppliers, thus putting unfair price pressure on European chip manufacturers.

Brussels also argues that Japan is giving preferential treatment to US chip producers rather than treating all foreign suppliers the same.

The impact of the accord on prices in the EEC's $4.2bn chip market is hard to measure.

Japanese chip prices to the US have certainly risen since the summer, while European customers believe the rise in their markets has been less marked, but still artificial. A British chip buyer says it is paying $2.30 for Japanese 256kDrams — the industry's benchmark product—while in a free market, the price would be more like $1.80.

Nobody in Brussels has any doubts about the undesirability in principle of the US-Japan pact. A member of the commission team negotiating on the accord with Gatt says: "In circumstances where we are major importers of semiconductors from the US and Japan, we think it is unacceptable that they should be fixing prices."

Cautious reaction in US to Tokyo's plan to cut production

BY LOUISE KEHOE IN SAN FRANCISCO

US trade officials and representatives of the semiconductor industry reacted cautiously to the decision of the Japanese Ministry of International Trade and Industry to direct Japanese chip producers to reduce memory chip production in an attempt to stem violations of the fragile US-Japanese semiconductor trade pact.

US officials said many false hopes had been raised by Japanese promises during the trade dispute.

Miti's action appears to be a big concession to US demands for immediate and full implementation of the semiconductor pact, which calls for an end to Japanese dumping and an opening of the Japanese market to foreign suppliers.

Miti says that by cutting surplus production of memory chips in Japan during the remainder of the first quarter of the year, it aimed to stop alleged dumping of chips in Asian markets, a problem that is threatening the pact's future.

Miti's plan is to reduce production of 256k dynamic random-access memory chips—basic data storage devices—by 23 per cent in the first three months of this year compared with October-December 1986.

Production of other types of chip is also due to be reduced but less drastically than that of the 256k Dram, which has been at the centre of the dispute with the US.

US industry officials made clear the move would not deflect them from demands for an immediate end to third-country dumping. Only a rise in Japanese chip prices to "fair" values would satisfy the US industry.

Last week Mr Clayton Yeutter, US trade representative, set a deadline of March 31 for an end to Japanese dumping and threatened to impose sanctions on companies that continued to dump chips.

How the Japanese Government achieved an end to dumping is "their problem," US officials say. While conceding the production cuts seemed to be a step in the right direction, they are not prepared to wait beyond the deadline.

It is Japan's excess of memory chip production capacity that has driven chip prices below production costs, say analysts at Dataquest, a US market research company that is monitoring memory chip prices.

Dataquest says memory chip prices have risen slightly in Asia in the past two weeks but remain well below the "fair market value" prices determined by the US Commerce Department. Prices in Europe and the US, however, have risen significantly since the signing of the trade agreement.

Indonesia invites bids for nuclear power plant

By John Murray Brown in Jakarta

INDONESIA IS inviting proposals from five foreign companies for construction of a nuclear power plant on Java, the country's main island and the most densely-populated region.

AECL of Canada, Framatome of France, Mitsubishi, Westinghouse of the US and Kraftwerk Union KWU, a wholly-owned subsidiary of Siemens AG of West Germany, are to complete their findings in two months on a 1,000 Mw reactor proposed to be sited at Muria Mountain on the north Java coast.

Batan, Indonesia's nuclear authority, says construction costs are estimated at $5.5bn (£3.6bn). The successful consortium is expected to finance the project by recovering costs from the state electricity utility PLN. The government has said it will provide no loan guarantees.

The plant would be operational by the year 2,000, supplying more than 10 per cent of Java's grid, estimated to be 7,000 Mw by then.

The plan, first put to the Cabinet in December, is said to have the backing of Dr B. J. Habibie, Minister of Research and Technology, and Dr Subroto, Energy Minister, both key government figures.

Talks offer welcomed on dumping

By Ian Rodger in Tokyo

JAPAN'S Ministry of International Trade and Industry has welcomed the offer by Mr Heinrich von Moltke, the European Commission director of industrial policy, for consultations on the EEC plan to apply anti-dumping duties to components imported from Japan for assembly in Europe.

Miti officials said they remained opposed in principle, however, to the planned revision of the EEC anti-dumping code, which is designed to eliminate the so-called "screwdriver" manufacturing operations in Europe.

This refers to moves by some Japanese companies to begin limited manufacturing in the EEC in response to anti-dumping actions against their product imports.

Mr Von Moltke said yesterday he had given the Japanese Government a copy of the proposed amendment to the anti-dumping code which he defended as being designed solely to prevent companies from circumventing the code.

"We think some of the emotional reaction is due to ignorance of the text," he said. "However, we have said that they were in no way assuaged by seeing the text. In their view, the proposal ran counter to Gatt rules and they were still considering taking Gatt action over it.

Mr Von Moltke said he was concerned about the introduction of digital audio tape (DAT) recording machines, because this technology would render existing copyright legislation in the EEC obsolete.

He said the problem with DAT, which enables perfect copies to be made, was that it blurred the distinction between private and commercial copying. A distinction on which copyright laws were based.

US finds steel maker subsidised by Sweden

By Sara Webb in Stockholm

THE US Department of Commerce has upheld claims by a group of US specialty steel companies that Avesta Sandvik Tube (AST), the Swedish specialty steel company, has been subsidised by the Government.

The department has asked for a countervailing duty of 2.18 per cent to be imposed on certain Swedish steel products.

It is up to the International Trade Commission to decide whether exports from AST to the US have hurt the US steel industry as a result.

Two Swedish specialty steel companies, Sandvik and Avesta—which own 25 per cent and 75 per cent respectively of AST—were accused last December of receiving subsidies from the Swedish Government.

The Commerce Department sent out a verification team to investigate the two companies, and concluded that while Sandvik received a "negligible" subsidy, Avesta received loans worth SKr 450m (£45.6m) from the Swedish Government in the late 1970s which were in effect written off in 1984.

The Commerce Department found that AST itself had not received subsidies directly, but decided that as Avesta "exerts considerable control over AST," claims against AST would be valid.

The International Trade Commission in Washington is due to hear the case on February 26 and should take a decision before April 2 on whether AST has injured the US steel industry.

UK NEWS

Sharp decrease in money supply aids Chancellor

BY JANET BUSH

THE BANK of England made substantial net purchases of debt in January, a further sign of the extremely comfortable position of government finances just a few weeks before the budget.

Figures released yesterday also showed a sharp fall in the year-on-year rate of narrow money Mo growth which further fuelled speculation of a cut in base lending rates, possibly timed to coincide with the budget on March 17. However, the Bank of England moved swiftly yesterday to signal that it was not prepared to see lower ratest, at least for the time being.

Yesterday's data showed that the Bank made net purchases of debt from the private sector last month of £1.3bn, effectively injecting cash back into the financial system.

It has become clear over recent weeks that the Government is heading for an undershoot of its Public Sector Borrowing Requirement target this year, perhaps of as much as £2bn to £3bn.

On Tuesday, the Treasury announced another large surplus on Government finances in January, taking cumulative borrowing in the first 10 months of the year down to a meagre $400m.

Earlier, it had become known that the Bank of England had been active purchasing gilt-edged stock during January. This activity, which it is believed lasted for about three weeks, has the effect of cutting the amount of funding already completed by the Bank of England on behalf of the Government.

Gilt market traders estimate that the Bank of England sold about £550m of gilts in January, boosting the total amount of debt purchases to around £1.8bn.

Growth in the money supply aggregates last month broadly coincided with market expectations. Broad money Sterling M3 rose by a provisional seasonally adjusted 1 per cent to 1 1/4 per cent giving an unadjusted year on year growth rate of 17 1/2 per cent to 17 3/4 per cent.

Narrow money Mo fell by about 0.5 per cent seasonally adjusted giving a year on year growth rate of 4 per cent, right in the middle of the Government's 2 per cent to 6 per cent target range for growth in the measure.

The year on year growth rate in December had been 5.2 per cent, provoking worries that the measure could breach the top of its target range within coming months.

Bank of England officials stressed that the sharp fall in the year-on-year growth rate was distorted simply because figures for January last year included five reporting Wednesdays and last month's data included only four. They said, however, that growth in Mo was slowing.

Mo has taken on significance in financial markets because the Chancellor of the Exchequer cited growth in the measure above the mid-point of its target range as one factor behind the decision to raise base lending rates in October.

January's fall has similarly provoked expectations that the Government will soon allow a drop in interest rates, possibly around Budget time.

However, the Bank of England yesterday delivered a strong rebuff to speculation of lower base rates through its money market operations in which it lent funds to the market through the discount window at 11½ per cent for seven days.

Warning to City on council debt default

BY PETER RIDDELL, POLITICAL EDITOR

THE GOVERNMENT does not stand behind local authority debt in case of default, Mr Nicholas Ridley, the Environment Secretary, said last night in a clear warning to City of London institutions.

His words, in a parliamentary written answer, were clearly aimed at banks and other financial institutions which lend to Labour-controlled urban local authorities, notably in London, which used deferred purchase schemes, so-called "creative accounting," in order to circumvent restrictions on annual budgets.

This warning follows the announcement on Wednesday of the shortened local government bill banning such schemes. There has been increasing concern in Whitehall that a small number of Labour-controlled authorities are seriously jeopardising their financial positions with such schemes.

Mr Ridley said in his answer that "a local authority's debt and its credit worthiness have always been its own responsibility. The Government does not stand behind local authority debt."

All loan debt is a statutory charge on all the revenues of an authority. If a local authority were to default, creditors – including those who have provided finance for authorities under arrangements such as deferred purchase schemes which do not legally constitute borrowing – might have to take action in the courts to recover their money.

"The public works loan board could not lend to an authority which chose to act illegally or which appeared unable to service and repay the debt, even under its lender of last resort facility."

Plessey and GEC agree on exchange

By David Thomas

THE General Electric Company (GEC) and Plessey, Britain's two biggest telecommunications equipment manufacturers, are to sign agreements designed to boost the sales in world markets of System X, the only public digital telephone exchange developed in Britain.

The two companies began discussing System X shortly after GEC's hostile £1.2bn bid for Plessey was blocked by the Monopolies and Mergers Commission in August.

There has been no agreement on merging any part of the two companies System X interests, which accounted for sales of £463m in 1985-86.

Sir John Clark, Plessey's chairman, said the two companies were close to reaching an understanding which will include "shared research and development costs, shared marketing costs and agreement on intellectual property rights."

Both companies had felt the need to reach a formal agreement on these areas after British Telecom (BT), by far System X's biggest customer, stopped contributing to its development last year.

Taken together, the two companies are expected to spend about £50m on the further development of System X this year. Plessey says it may spend about £15m on the international marketing of System X in the next financial year.

Under the new agreements, GEC may pay Plessey for past disparities in their contributions to development and marketing costs, thought the payment is likely to be relatively small.

However, there is no immediate prospect that a joint venture company will be formed to take on Plessey's and GEC's System X interests, or that the two companies will submit joint bids to BT. Both these options were considered during the discussions.

The agreements, to be signed soon, will yield only limited cost savings.

Plessey said it saw the future of its exchange business in an international context. It was pursuing export orders for System X, particularly in Colombia, China and Bulgaria, and was talking to a number of foreign companies about joint ventures.

GEC refused to comment.

● GEC is to receive financial aid from the Northern Ireland Industrial Development Board for a £20m investment in its turbine generator plant at Larne, County Antrim, Terry Dodsworth writes.

The company said the investment would go into more sophisticated equipment and reorganisation

It said the plan will safeguard the jobs of the present workforce for the forseeable future, and could lead to a further 160 openings at Larne over the next year.

Fiat and Stet approach. Page 21

Kenneth Gooding reports on the decline of a once great lorry manufacturer

Daf finds Leyland Trucks in a rut

THERE is no better example of the decline of manufacturing industry in Britain than Leyland Trucks. Thirty years ago the company claimed with good reason to be the world's biggest truck producer. Today it is so insignificant, compared with its main European competitors, that it can no longer stand on its own, and a buyer has been sought for the past two years.

That search ended yesterday when, to all intents and purposes, Leyland was handed over to Daf of the Netherlands.

The deal, presented as a merger with Daf having 60 per cent control, can also be seen as part of the necessary rationalisation of truck manufacturing in Western Europe.

Britain has already contributed more than any other country to this essential restructuring – essential because the West Europeans have the capacity to produce 600,000 trucks a year while world demand is only about 400,000.

In the past year, General Motors has given up making medium and heavy trucks at its Bedford subsidiary, apart from a few left over from a military order.

Ford has sold its truck operations to Fiat-controlled company, and all future products will come from the Iveco designers based in Italy and West Germany.

With Leyland now in foreign hands, only one UK-owned truck producer is left: ERF, which has an output of about 2,000 trucks a year and no pretensions toward becoming a big exporter.

The seeds of Leyland's virtual destruction were sown in the late 1960s and early 1970s when some seriously damaging decisions were made by the management.

Following the merger of the old Leyland company with British Motor Corporation (to become BLMC), the management decided to make up for many years of under-investment in the volume cars business by subsidising it for three years with profits from other parts of the group, particularly the highly profitable truck business.

Between 1968 and 1980, Leyland had no totally new trucks to offer the market, where its competitors offered new cabs and engines throughout the period and prepared for the competition they expected in an enlarged Common Market.

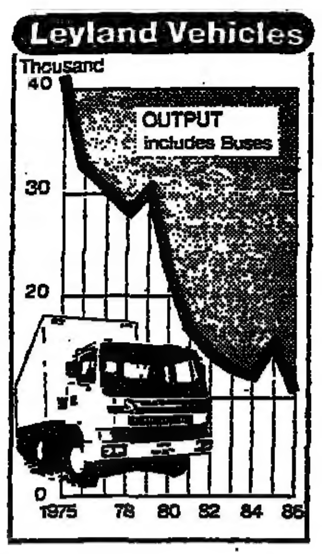
The Leyland, and subsequent BLMC managements, also failed to tackle other European territories and take advantage of the Common Market, preferring to rely on markets in the old English-speaking colonial countries.

But perhaps the most important factor in Leyland's downfall was the failure of its engine renewal programme during the 1970s. While competition in Europe was intensifying, Leyland had a major disaster with the 500 engine, intended for medium-to-heavy trucks, which accounted for 15 to 20 per cent of total engine output.

The tendency for the 500 engine to "blow up" on the fast-developing motorway networks caused customers to desert in droves, and Leyland's share of its domestic market shrank from 30 per cent in 1973 to 17 per cent by 1980.

That year, the first of the current truck range came on stream. The range was renewed a cost of £350m, drawn from the £2bn of state money pumped into the Rover Group, then known as British Leyland.

But it was too late. Leyland was in no shape to cope with the recession in the UK heavy truck market, annual demand nearly halved from



80,000 in 1980 to 44,000 two years later.

Then Leyland's export markets closed down as the developing countries world ran out of foreign currency to pay for imports.

Competition from stronger companies such as Daimler-Benz (the Mercedes group) of West Germany and the two Swedish organisations, Scania and Volvo, intensified as they sought to make up in Europe sales they had lost when truck demand in the oil-producing countries shumped.

Two years ago, the UK Government became so worried about the domestic truck industry's apparent lack of competitiveness that it persuaded the three major companies – Leyland, Bedford and Ford – to discuss what could be done.

From those talks emerged the deal for General Motors to buy Leyland and Land Rover which caused the Government so much embarrassment this time last year and which foundered on a wave of British chauvinism.

After that experience, the Government must have welcomed the fact that the Rover board opted for the European solution as represented by Daf, rather than selling Leyland to Paccar, the US producer of Kenworth and Peterbilt trucks which also owns Foden in Britain.

Paccar argued that it was much stronger financially than Daf and that, because Daf produces its own engines and cabs, about 5,000 jobs would be lost to Britain and switched to the continent if the Dutch company took over Leyland.

Mr Charles Piggott, Paccar's president, suggested that some of Leyland's major US suppliers with factories in the UK – such as Cummins (engines), Rockwell (axles) and Eaton (gearboxes) – might feel there was not enough business left in Britain to make it worth staying on.

On the other hand, Paccar buys in all major components and would have guaranteed a continued high level of UK content in Leyland trucks.

However, Mr Graham Day, Rover's chairman, said last night that, if the Daf deal had fallen through, the Paccar offer provided no real alternative as it was "totally uncommercial from our point of view."

The relationship between Leyland and Daf goes back many years but was strengthened considerably last year when the Dutch group signed an agreement to distribute Leyland's medium Roadrunner truck and Sherpa vans from the Freight Rover company through Daf's 550 continental dealers.

For this reason it makes sense to include Freight Rover, which makes the Sherpa, in the deal, and there is a promise that new vans will be developed.

As one of Europe's smaller heavy truck producers – with an output of 16,000 vehicles compared with over 200,000 worldwide by Daimler-Benz and over 100,000 for Iveco, the number one and two West European producers – DAF has had to seek such co-operative ventures to secure its future.

It is a private company, indirectly part-owned by the Dutch Government which has backed DAF's current product - development programme with a repayable Fl 200m (£63m) loan. The Belgian Government has also guaranteed a BFr 2.8bn (£48m) loan from local banks because of the important DAF cab plant in the country.

The UK Government is bearing a cost of accumulated losses of about £500m and further rationisation of Leyland, involving the closure of the engine plant at Leyland and the Scammell special heavy trucks division at Watford. The rest of the £750m Government write-off is to cover Leyland Bus's accumulated debt and recent rationslisation.

In theory, the combined Leyland-DAF combination should take UK heavy truck market leadership. Together last year they accounted for 23 per cent against Iveco-Ford's 20 per cent, with Mercedes in third place with 14 per cent.

But there are conflicts at the heavy end of the DAF and Leyland ranges and, if past history is anything to go by, the disturbance caused by the merger – particularly of welding two distinctive dealer networks together – always tends to cause a loss of share, at least in the short term.

Cummins's Scottish plant 'under review'

BY NICK GARNETT IN COLUMBUS, INDIANA

MR HENRY SCHACHT, chairman and chief executive of Cummins, the US diesel engine manufacturer, said yesterday that the company would now have to review the position of its Shotts plant, near Glasgow, in light of the Daf decision.

Shotts, which employs 800, produces Cummins's 14-litre and 10-litre engine. It sells a quarter of its total output to Leyland.

Mr Schacht said he could not comment in detail on the impact on Shotts until he had discussed with Daf the Dutch company's intentions.

Daf makes its own engines in broadly the same power ranges as the Cummins 10 and 14-litre engines.

The decision to sell Leyland to Daf, however, "did not help," Mr Schacht said. "We build plants to use them, not close them, but we need customers to buy from them.

"We have argued that this was an important decision for the entire UK motor industry. It will cause us to rethink what our floor space requirements are. We will have to think through the implications for us."

Cummins, which has been pushing through a big cost-cutting drive and which announced the closure last year of 19 per cent of its manufacturing floor space, had been thinking of starting up assembly of its relatively new 8.3 litre C series engine at Shotts.

It had also decided to move some component manufacturing from a components plant at Darlington in north-east England – which it is closing – to Shotts.

The Shotts plant is currently making 40 engines a day, split equally between the 10 and 14-litre.

One third of the plant's output goes to the US truck market, including ERF and Seddon Atkinson, but predominantly to Leyland.

Another third of output is sold for industrial applications in Europe and the remaining third is exported outside the EEC for automative and industrial uses.

Ford's UK car output rises to challenge Austin Rover's lead

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

FORD and Austin Rover will be neck and neck this year in the race to become the UK's leading car producer.

In 1986 Ford substantially narrowed the gap between the two companies by increasing production by 9 per cent from the 1985 level to 346,267, its best performance since 1979.

Meanwhile, Austin Rover's output fell by 13.5 per cent to 389,968.

Ford has forecast that its UK car output will rise to about 400,000 this year as it increases the share of sales in Britain provided by its factories at Halewood on Merseyside in northern England, and Dagenham, Essex in the south.

State-owned Austin Rover expects only a slight improvement on its 1986 car output even though this year has started well for the group.

The steep fall in Austin Rover's car production last year reflected declining sales in its home market, where its registrations slumped from 327,955 to 297,466.

UK car production

	1985	1986
Rover Group		
Austin Rover	450,892	389,968
Range Rover	14,212	14,486
Total Rover	465,104	404,454
Ford	317,659	346,267
GM-Vauxhall	152,587	161,857
Peugeot-Talbot	67,066	58,426
Jaguar/Daimler	38,378	40,880
Rolls-Royce	2,588	2,531
Carbodies	1,813	2,231
Lotus	813	704
TVR	472	521
Reliant	738	269
Panther	121	237
Others	604	585

Source: SMMT Monthly Statistical Review.

Ford, however, boosted UK new car registrations from 485,620 to 515,367.

Although General Motors, through the Vauxhall group, increased car output by 6 per cent to 161,857, its production was also held back by falling UK demand. GM's sales fell from 303,473 to 285,517 last year.

However, the company hopes to increase output of cars and light vans from 220,000 last year to 300,000 in the short term.

The French-owned Peugeot-Talbot company had a full year of building the Peugeot 309 medium-sized saloon at Ryton, Coventry, where it replaced the old Horizon, Alpine and Solara models.

But Peugeot-Talbot's contract to supply car kits to Iran from its Midlands plants ran into trouble again last year, leaving the company's total output down by 13 per cent at 58,426.

The statistics, to be published shortly in the Society of Motor Manufacturers and Traders Monthly Statistical Review, confirm that total UK car output remained marginally above 1m last year, at 1.019m compared with 1.048m in 1985.

Changes in rural policy defended

By Paul Cheeseright

A HUGE shift is taking place in the management of the British countryside, Mr William Waldegrave, the Environment Minister, told the Council for the Protection of Rural England (CPRE) yesterday. The Government would continue to develop new countryside policies, he said.

But he failed to convince the CPRE that the Government was managing change in the right way. After a special general meeting, the CPRE again demanded that the Government withdraw its recent draft planning circular on rural land use.

This circular stated that farmland did not necessarily have to be reserved for farming and that, when local authorities considered development applications, they should take into account not only the agricultural implications, but also environmental and economic aspects.

The stand immediately raised fears that the countryside would soon be covered with concrete and conifers. The CPRE feared damaging erosion of the countryside by developers

Mr Waldegrave, taking advantage of a longstanding invitiation from the CPRE, sougnt to put these fears at rest by raising the argument from immediate planning implications to the broader consideration that the UK had no choice but to change rural planning policy.

"The policy of food production first," conducted with near national unanimity since the Second World War, "had to stop." In the end, he said, "there was no market for the surpluses we created."

By insisting on the agricultural imperative, as he put it, local councils had been forced to site development of urban density in villages where it is out of character.

Maxwell in joint venture to buy Canadian newsprint group

BY ROBERT GIBBENS IN MONTREAL AND RAYMOND SNODDY IN LONDON

MR ROBERT MAXWELL, publisher of Mirror Group Newspapers, yesterday bought into the Canadian newsprint business in a joint venture deal worth C$320m (£156m).

Mr Maxwell, in partnership with Mr Pierre Peladeau, the Montreal publisher, bought a 56 per cent stake in Donohue from a Quebec provincial government holding company.

Mr Maxwell said he was not going to give up his present newsprint suppliers.

"They needn't have a heart attack, but I'll know the price is right in future," said Mr Maxwell, whose businesses use 400,000 tons of newsprint a year.

The publisher added that the acquisition would give his UK and US printing and publishing businesses a competitive edge by assuring him supplies of newsprint in times of shortage.

A new company owned 51 per cent by Quebecor, Mr Peladeau's publishing and printing group, and 49 per cent by Mr Maxwell's British Printing and Communications, will control Donohue and has undertaken to expand at least one of its mills.

The sale of control in Donohue is the largest privatisation move by Mr Robert Bourassa's Quebec Government since it was elected 14 months ago. About C$220m will go to the Quebec Treasury and C$100m will be invested in general industrial development. The winning bid was the highest of three.

Donohue had profits of C$24.5m, or C$1.58 a share, in 1986 on revenues of C$475m. Profit in 1987 and 1988 is expected to rise significantly, because of higher pulp and newsprint prices.

The company will soon have capacity to turn out around 600,000 tonnes of newsprint and will be able to add another machine by the end of 1988, bringing capacity to nearly 800,000 tonnes.

Donohue is also a large market pulp producer and a sizable timber producer.

Three of its existing newsprint machines are partly owned by the New York Times Company and the Gannett Company of the US.

Mr Peladeau owns Canada's largest French language daily newspaper, plus a chain of weeklies and monthlies, and several printing businesses in the US. His total newsprint needs are about 140,000 tonnes a year.

In the year ended September 30, Quebecor earned C$18.1m, or C$1.04 a share, on sales of C$446m.

Failure rate of stock exchange's computer systems cut by 90%

BY ALAN CANE

THE LONDON Stock Exchange seems finally to have put its technological traumas behind it.

Seaq and Topic, the principal share price computer systems, are now "on the air" for an average of 99.8 and 99.9 per cent of the working day, respectively, Mr George Hayter, head of information systems at the exchange, said yesterday.

Since October last year, when the London market was transformed by the Big Bang deregulation, the amount of time the systems were out of action because of faults had been cut by 90 per cent.

The average length of time between each failure was 105 hours for Seaq, the share price processing computer system, and 30 hours for Topic, which controls the market price viewdata network.

Mr Hayter said experience had shown that, if a system was available for 99.8 per cent of the time or more, its users were completely satisfied. Anything less than that "magic figure" and the complaints multiplied.

The level of requests for "pages" of market information had not dropped below 3.5m since Big Bang and was running at present at an average of just over 4m page requests a day.

The average number of daily bargains processed by the Seaq system was 44,300 in January this year, with a peak of almost 60,000. The average value of the shares processed in January was £1.018bn.

Mr Trevor Clarke, assistant director of settlement operations, said that since Big Bang the work of the department had increased by a multiple of three. The daily average of items submitted to the Charm and Talisman computers for matching and settlement was about 150,000.

Earlier this week it has reached an all-time high of almost 250,000 items. The settlement systems had been designed to cope with such a load, he said, and they had not failed.

European broadcasters urged to unite

BY RAYMOND SNODDY

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Cable TV and Satellite Broadcasting

MR ROBERT MAXWELL, publisher of Mirror Group Newspapers, yesterday pronounced "the death" of the long and distinguished era in broadcasting. Mr Maxwell told the Financial Times Cable and Satellite Conference in London that arrogant intellectuals could no longer tell people what they ought to hear and see over the airwaves.

After handing out preview copies of his new newspaper, the London Daily News, to all the delegates, Mr Maxwell said: "I believe the time has more than arrived when we must organise ourselves in Europe on a continental scale to enable viewers and listeners to choose for themselves what it is they want to see and hear."

It was time to create the European equivalent of an NBC or a CBS network, and if the politicians of Europe refused to make the arrangements, the new media industries should make them for themselves.

Mr Maxwell said he was making his arrangements with the private-sector Luxembourg satellite company SES, which plans to launch a 16-channel television satellite next year.

Mr Gunnar Rugheimer, chairman of Home Video Channel, however, said he believed there was no international or pan-European television audience and that Europe contained more than 20 distinct national television audiences.

The English language, he said, would never become the lingua franca of television entertainment in Europe, and it was dangerous to put too much faith in the development of a pan-European advertising market.

Earlier, Mr John Jackson, chairman of Direct Broadcasting, warned that advertising alone could not fund a proliferation of new channels. There would have to be various forms of subscription and payment for viewing systems.

Mr Jackson suggested that consumers should have an addressable box with a secret computer number. That number would be recognised by a computer which would authorise (or not) the transmission of a signal to homes which had paid. There was an urgent need for a standard system, Mr Jackson said.

Mr Ivor Cohen, managing director of Mullard, the Philips microchip subsidiary, said that, if DBS (direct broadcasting by satellite) was to be a success, the franchise holder, BSB, must work with all potential participants.

DBS represented a considerable opportunity for UK industry, but all elements of the UK manufacturing and distribution industry had to be brought together to provide the impetus to create a demand for its products.

"We have much to do to ensure that the pace of development of satellite TV is even faster than that achieved in previous generations of television equipment." That would take considerable co-operation.

Mr Rolf Arnim, managing director of Eurosatellite, the consortium which is building the French and West German DBS satellites, said the German satellite, TV-Sat, due to be launched this summer, could be received everywhere in West Germany, including Berlin, with reception dishes of 35 to 40 cms.

There was a potential audience of 90m in Europe for German speakers. Germany also offered the highest growth potential for television advertising in Europe.

Mr Marcus Bicknell, commercial director of Societe Européenne des Satellites, the Luxembourg company which plans to launch the 16-channel television satellite Astra, said only a multi-channel satellite could penetrate foreign markets.

Mr Robert Maxwell said an era in broadcasting is dead

Astra planned three channels, in English, French and German, and five or six thematic channels, carrying for example, sport or films, which could be dubbed.

With such an approach there was no limit to the marketing potential, and on an optimistic view Britain could be connected to satellite television within eight years.

Mr Samuel Brittan, chief economic commentator of the Financial Times and a member of the Peacock Committee on the future of British broadcasting, said a competitive market was a mechanism to find out by trial and error what the consumer might be enticed to accept and a system for trying new and challenging ideas.

As the Peacock report said, for there to be a genuine consumer market in broadcasting, viewers must be able to register their preference and its strength. Programme makers should also be free to enter the market while the monopoly owners of transmission equipment must accept common carrier obligations and regulated prices.

Mr John Tusa, managing director of BBC External Services, appealed to the Government to give an early go-ahead for a television version of the World Service to be delivered by satellite. The BBC had a reputation for trustworthiness earned over 54 years in radio, and it was not transferable to anyone else.

The BBC was not, however, sitting around waiting for the UK Treasury to come up with the money. "We are looking at a variety of ways of funding both the start-up and the running costs through joint ventures," Mr Tusa said.

Mr Patrick Cox, chief executive and deputy chairman of Sky Channel, said he believed he was witnessing the start of the transformation of an industry. The process was bound to be traumatic as established economic structures met the new forces of cable or satellite.

"We have no doubt that the market is there and that it will be able to absorb the growth forseen in both terrestrial and satellite channels," he said.

Mr Francis Baron, managing director of W.H. Smith Television, said the new media market place was unlikely to be dominated by one form of delivery and people would receive programmes via cable, individual and community satellite dishes.

To succeed, the new media had to offer consumer greater choice, and control over that choice, new programme ideas and flexible and compatible equipment.

Mr Eric Lhullir, director of the French Cable Mission, a body charged with encouraging the growth of cable said final agreements were being drawn up for the cabling of 52 French cities. Within four years, a quarter of the French population could subscribe to cable services.

UK NEWS

Philips expands Scots plant for PABX launch

BY TERRY DODSWORTH, INDUSTRIAL EDITOR

PHILIPS, the Netherlands-based electronics group, is investing £9m in the expansion of its Bishopbriggs plant in Glasgow to prepare for the launch of its large digital private telephone exchange (PABX) in the UK market.

The exchange, the Sopho-S 2500, has just been approved by Oftel, the regulatory agency for the UK telecommunications industry. Philips says it already has a substantial order book for the 2500 model, and the company has been recruiting engineers and salesmen, as well as some production line workers, to cope with the build-up.

About 50 per cent of the new exchange will be manufactured at the Bishopbriggs plant, where Philips also makes telephone sets and other equipment for the UK.

Philips' decision to launch the 2500 model comes at a time of some confusion in the UK market for large PABX's – exchanges which provide more than 100 lines to the customer.

Last year, the UK industry achieved shipments of around 400,000 lines, down from a peak of about 500,000 lines in 1985, when total sales were valued at approximately £150m. Forecasts vary widely for the next three years.

The sales boom in the early 1980s was largely caused by the change over to digital exchanges, which offered better quality and improved efficiency. Many analysts believe that the next big expansion in sales will only come with the provision of ISDN switching, a technique which will allow the same telephone line to transmit voice messages, data and video.

Philips has set itself an ambitious target of about 20 per cent of the UK market by 1989. The company starts from a low base, because the lack of a competitive product virtually forces it to withdraw from the large PABX sector three years ago.

In this period, the market has become steadily more competitive, with Plessey and GEC of the UK under pressure from Mitel, the Canadian-based subsidiary of British Telecom.

The flagship of Philips' new product line is the 2500, which provides 2,500 lines in its basic form but which can be linked up in a number of duplicate exchanges to reach a total capacity of 20,000 lines.

Guinness unifies structure of management in spirits business

BY LISA WOOD

GUINNESS, the drinks company, yesterday announced the management structure of its spirits' businesses, which have been pulled together into a unified structure.

Announced the day after the appointment of Mr Anthony Tennant, the new chief executive, the re-organisation is the result of a major review lasting several months.

The businesses pulled together include Arthur Bell & Son, acquired by Guinness in 1985, now called Bell's Brands, and Distillers, acquired last spring and the subject of the current Department of Trade and Industry investigation into Guinness's sharedealing at the time of the acquisition.

Among the new appointments is that of Mr David Connell, a former member of the board of the Distillers Company (DCL) before its acquisition by Guinness, and one of only three former DCL directors to take up senior executive positions with Guinness.

Mr John Connell, his brother and chairman of the DCL, retired quietly at the end of the year. Mr Bill Spengler, who joined the DCL when it was fighting off the Argyll bid, is now a consultant to the group.

Mr Victor Steel, managing director of Guinness Beverage Group, said: "Our objective is to establish a fully co-ordinated business structure with clear worldwide marketing strategies."

In addition, two corporate services appointments, Mr David Purves and Mr Mike Pemberton, were announced.

The key new executives of the Beverage Group now are: Mr James Espey, deputy managing director with responsibility for international brand marketing, new product development and marketing; Mr Bob Taylor, responsible for duty free sales; Mr Rob Hermans, managing director of Bell's Brands group, responsible for all UK sales; Mr David Connell, responsible for developing sales and profits at brand companies which have been reorganised into five and Mr Willie Pietersen, president of the US activities.

Mr Phil Rhodes, formerly group controller of Guinness, takes responsibility for finances and Mr Ronnie Martin is responsible for all production in Scotland.

Britain lags competitors in industrial training stakes

Fiona Thompson examines attempts to rectify the continuing shortage of skilled workers in the UK.

BRITISH industry's attitude to training remains as vacant as the jobs it holds open for qualified staff. Both training and the suitably trained are, and will continue to be, in chronically short supply.

Skill shortages are hampering Britain's ability to compete. The problem is crucial for the high-technology industries. In engineering, warnings of the shortfall have fallen on deaf ears, the Engineering Industry Training Board (EITB) said last week.

Not only has nothing been done to avert the shortages, if anything, the level of training has fallen, the board told the House of Commons select committee on employment.

This is despite the forecast three years ago by the Manpower Services Commission (MSC) that – even if the degree of training remained at 1984 levels – there would be a shortage throughout industry of between 7,000 and 10,000 technologists and 30,000 technicians by 1988.

It is also quite apart from the need to update workers' skills to keep pace with technological change.

The crunch point has come with the explosion in information technology. There is a huge demand for trained engineers in virtually every sector.

At the same time, the engineering industry has been in a period of retrenchment, with training as one of the first casualties.

There are exceptions, but many companies with a commitment to training are seeing staff, with skills gained at the employer's expense, tempted away by lucrative offers from others wanting technological expertise.

It is thus not surprising to see the computer services company Electronic Data Systems (EDS) turn to the High Court in London for redress, as it did earlier this month. In the first case of its kind, EDS, a subsidiary of General Motors of the US, sought to recoup from a former employee part of the cost of his training which, once completed, he took to another company offering a higher salary.

The young graduate, who had completed a systems development course, was ordered to repay £4,500 to EDS, the amount he had agreed to refund should he leave the company within two years of completing the course.

"Industry's appetite for people at the professional engineering level, particularly disciplines such as software and electronic engineering, is insatiable," said Mr Pennant Jones, secretary of the EITB – one of the few training boards to have escaped abolition in 1982 when two thirds of these statutory bodies were wound up, with the Government arguing that industrialists were more likely to respond to training needs on a voluntary basis. "More and more people are trying to fish talent from a smaller pond," he said.

Almost a fifth of companies responding to a National Computing Centre survey said that poaching trained workers was severely affecting them or even threatening their survival.

Mr Philip Virgo, a Conservative Party policymaker, recommended last month that employees should be obliged to repay some or all of the costs of their training – and their pay during training – if they leave the company prematurely.

Mr Virgo, vice-president of the Conservative Computer Forum, said this would be the best way of convincing to increase training those two thirds of employers which did no training but instead relied on poaching.

Industry has been ambivalent about poaching. A few years ago, major companies in the electronics industry tried, and failed, to agree on a moratorium to prevent poaching.

General Electric Company (GEC), one of the main providers of high technology training – it recruits 1,500 science and engineering graduates each year – regards poaching as a fact of life.

"In numbers, we in the high-tech business employ engineers like the health service employs nurses. If you only employ two, you can afford to pay them a fortune. We can't," the company said.

A graduate aged under 25 entering industry this year as a software engineer, for example, might expect to earn some £11,000. But it is not unusual for a City of London company wanting just one such employee to head-hunt an engineer with an offer of £18,000.

It has long been suggested that poaching companies should pay a "transfer fee" to the company which provided the training. But the idea gained little support in the industry.

GEC believes only a national solution can increase the number of skilled workers. The flow of young people qualified in maths and physics should be increased, and more State money made available to enable companies to carry out training.

The EITB is categorical. Its present system of exempting companies from payment of the statutory levy, which funds the board's training system, if they fulfil agreed training requirements is not working. An "effective statutory stimulus" to reverse the slump in training is needed.

Next month the board will propose to the Government its preferred option for improving the levy system. At the moment, a startling 92 per cent of engineering companies are exempt, reducing the board's levy income from a potential £160m to about £3m this year.

Alternatives under consideration include more rigorous criteria for exemption, dropping the exemption system and taking the levy from all companies, or replacing the existing levy with one which would fund the board's specialist initiatives but leave companies to meet their own training needs.

The problem has not, however, taken anyone unawares. Although state expenditure on training in the UK compares favourably with that of its main competitors, the performance of companies has been criticised for years.

A Challenge to Complacency, a Coopers & Lybrand report commissioned a year ago by the MSC and the National Economic Development Office (Nedo), concluded: "The vast majority of companies, despite initial claims to the contrary, were not very interested in training and had an attitude which bordered on complacency."

Expenditure on training was not seen as an investment expected to lead to higher profits, "but rather more as an overhead which can, like building maintenance, be reduced when times are hard."

This tendency contrasts with the philosophy of some of the UK's competitors, in particular West Germany and Japan. A 1984 MSC/Nedo report, Competence and Competition, noted an acceptance of "training for stock" in West Germany and a conviction that "in times of unemployment, it is preferable to have unemployed skilled workers rather than unemployed unskilled workers."

Similiarly, in Japan, the volume of training had increased in recession, with State spending being maintained and the outlay by the private sector actually rising.

In the US, the report noted, companies wanting to compete and stay ahead accepted the importance of investing heavily in training. Some of the country's best-known high-technology companies – IBM, Xerox Boeing and McDonnell Douglas – reportedly spend between 2.5 to 3.5 per cent of sales revenue on training.

Comparisons between countries are hampered by the lack of totally reliable figures. However, the most recent available figures in the UK suggest that companies spend 0.15 per cent of turnover on training, according to Mr Bryan Nicholson, chairman of the MSC.

Mr Nicholson is optimistic that the skills shortage can be ended. However, much of his optimism appears to relate to state programmes – such as the technical and vocational initiative aimed at providing a "critical mass" of 14 to 18-year-olds with qualifications that employers want – rather than a radical change in industry's attitude.

"We can claim genuine successes," he said. "Continual pressure on the non-statutory industry training associations has brought results. But it is still patchy."

The EITB is blunter: "I have no doubt that the better companies are spending as much or more on training than their counterparts in other countries," said Mr Jones.

Rise in European air fares approved

By Michael Donne

THE UK Civil Aviation Authority has approved a British Airways application for increases of up to 6 per cent in many of the cheaper fares between Heathrow and Gatwick and major European destinations. Normal business class return rates remain unchanged.

These rises have nothing to do with the UK's current campaign to get the costs of European air fares down, which is continuing, but are directly the result of rising operating costs over the past year.

Comparable fares rises, which have been agreed through the fares co-ordinating conference of the International Air Transport Association, will be applied by the appropriate foreign airlines, such as Air France and Sabena.

The result will be that from April 1, when the summer season starts, the "Superpex" off-peak advanced-purchase return excursion rate between London and Paris will rise from £78 to £82, with the peak rate rising form £82 return to £86. The normal advanced purchase excursion return or "Pex" rate will rise from £117 to £123.

On the London-Brussels route, the Superpex excursion return rate will rise from £73 to £77.

Welsh Development Agency receives qualified support

BY ANTHONY MORETON

THE WELSH Development Agency has had a "significant beneficial impact on the redevelopment of the Welsh economy" and there was a "real need" for it to "continue to perform its existing range of functions," according to a government review.

Despite this clean bill of health, the review makes a series of detailed and often critical recommendations, described as "mostly procedural" by Mr Nicholas Edwards, Welsh Secretary. He wants them implemented "by the middle of the year."

These call for sharper financial forecasting, more rigorous corporate planning processes, more private-sector involvement in investments and all investments over £100,000 to be syndicated.

Mr John Williams, chairman of the WDA, welcomed the review. The proposals, which were accepted by the agency at a board meeting in Cardiff on Monday, would "make our work that much more efficient," he said.

The WDA was set up in 1976 to encourage new industrial development and combat the legacy of decline in traditional industries such as coal and steel. Since the Conservatives came to office in 1979, it has had to follow a less interventionist, more private-sector approach to issues.

The review was undertaken by the Treasury and the Welsh Office, together with Coopers and Lybrand, and is one of a number instituted in 1984 by Mrs Margaret Thatcher, the Prime Minister, into the work of agencies responsible to the Government.

A similar review into the Scottish Development Agency was published last October. That made far fewer detailed criticisms of its operations.

The WDA survey found that, while there was a "real need" for its continued existence, it had "not been possible to judge in objective terms the net benefit obtained" from its activities and urged the agency to take more steps to measure this benefit before committing itself to intervention.

The review also found that the WDA had a "high failure rate in its investments" although it admitted that "this may not be entirely out of line with the kind of rate expected by some private venture capitalists." Mr Edwards accepted that, as the WDA operated in an area where private capital would frequently not be involved, the agency had to have different investment criteria.

Nevertheless, he has called for annual corporate plans, a "taut profile" of monthly spending, more meetings between himself and the board, monthly financial reports and greater involvement of private capital

Drug industry achieves record export surplus as pound falls

BY TONY JACKSON

THE UK drug industry maintained its record last year as a strong contributor to the UK balance of payments with a record export surplus of £853m, up from £838m

Total exports were up 7 per cent at £1.53bn, with imports 15 per cent up at £679m. The biggest export market continued to be the US, the world's biggest consumer of drugs, although export growth was held back by the weakness of the dollar against sterling.

The second-largest market, as in 1985, was the Netherlands. According to the Association of British Pharmaceutical Industries, which represents the UK industry, the Netherlands has a small domestic manufacturing base and also has a large trade in importing drugs for re-export.

Fastest growth in exports, however, came from countries whose currencies strengthened against sterling over the year. Japan and West Germany, the world's second and third-biggest drug markets, were helped by the strength of the yen and D-Mark to import 38 per cent and 22 per cent more British drugs, respectively.

UK pharmaceutical exports, 1986

	£m	% change from 1985
USA	144	5.8
The Netherlands	103	1.7
W. Germany	94	21.8
Eire	94	5.8
France	90	10.0
Italy	71	11.3
S. Arabia	70	–3.0
Japan	63	38.2
Sweden	47	1.5
Iraq	45	30.0

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EDITED BY CHRISTOPHER LORENZ

Pilkington after the bid

Reaping the rewards of five years' hard labour

BY MARTIN DICKSON

Antony Pilkington: entrepreneurial genes

"FOUR LEGS good, two legs bad," chanted the sheep on George Orwell's Animal Farm. In somewhat similar vein, a popular cry around Britain over the past two months has been: "Pilkington good, BTR bad."

It is perhaps inevitable that, in the heat of a takeover battle, a company's complex personality and performance record should be reduced to slogans.

But now that BTR's ill-judged bid has failed, and emotions have cooled somewhat, a question remains: just how good is the track record of Pilkington Brothers, the world's biggest manufacturer of flat and safety glass, and where does it go from here?

The immediate answer to the first question was provided by Pilkington itself during the bid when it forecast a doubling of pre-tax profits to £250m in the year to March. It was the scale of the recovery—which the company had not clearly signposted to a surprised City — rather than the accompanying political hue and cry, which forced BTR to abandon its assault.

Pilkington has had a decidedly uneven profits history over the past decade — partly caused by problems of its own making, partly to external factors — but is just starting to reap the benefits of a radical restructuring over the past few years which has transformed the company's prospects.

The answer to the second question is that the group is moving with much greater force into two markets which offer strong growth opportunities, but also hold some potential pitfalls: the US flat and safety glass market, and high technology applications of glass in opthalmics and electro-optics.

All this presents a stark contrast to the grave difficulties the company went through in the first half of the 1980s and which would have made it easy prey if a bid had been launched a year or two back.

This crisis needs to be placed in the context of the company's history and that of the glass industry. Pilkington is one of Britain's oldest manufacturing companies. It was founded by the two brothers who gave the business its name in St Helens, north west England, in 1826 at the very dawn of the industrial revolution.

One of a multitude of window glass manufacturers, it emerged over the next century and a quarter as the UK's predominant producer of flat glass, thanks to the Pilkington family's unusual ability to sustain entrepreneurial flair and technological innovation down through four generations. Not for the Pilkingtons a life of bucolic ease in the bosom of the landed gentry.

Yet the company's most dramatic technical breakthrough had yet to come. In the 1950s Alistair Pilkington—an engineer with the company but, remarkably, no relation to the St Helens family—invented the float process which was to revolutionise glass production worldwide. Pilkington, still a private company and, in international terms, some way down the first division of glassmakers, did not have the financial muscle to exploit the invention on its own, so it did so via a series of licensing agreements which over the past two decades have produced a large fee income.

But in 1979 this comfortable world fell apart. First, there was the second oil shock. The soaring value of the pound, coupled with inflation, pushed up Pilkington's prices by about 30 per cent relative to its continental rivals. And the impact of this was exacerbated by a major shake-up in the ownership of the European glass industry and an ensuing price war: BSN-Gervais Danone of France decided to sell its flat glass operations—one of the biggest on the Continent.

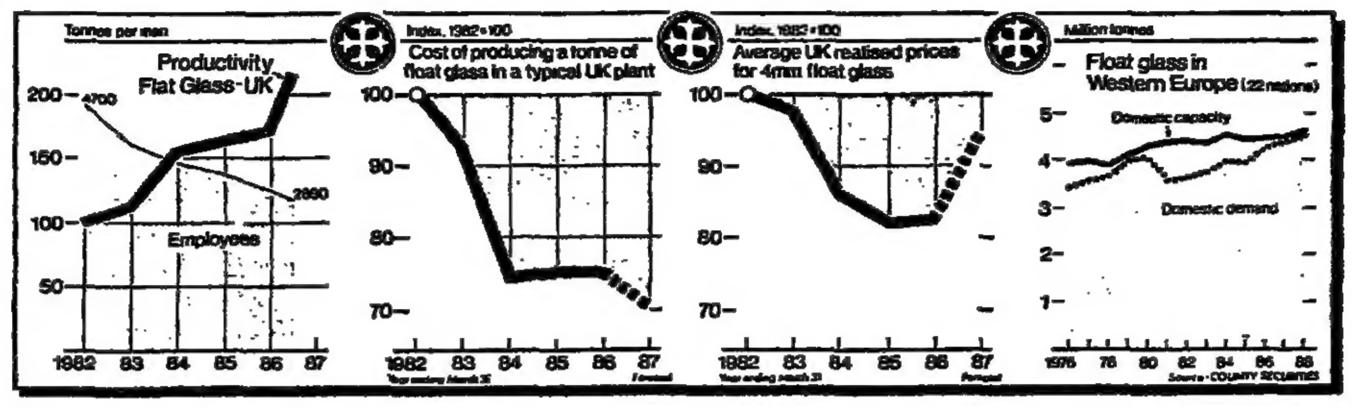
Pilkington's attempt to buy the lot was blocked by the West German cartel office. It ended up with the West German business, Flachglas, while PPG of the US acquired the French operations and Asahi of Japan the Belgian ones.

The effect on Pilkington—as on its rivals—was dire. Profits plunged, and so did its share of the UK flat and safety glass market—from a comfortable monopoly of more than 80 per cent to bottom out at around 50 per cent.

And all this coincided with a change of leadership at the top of the business. Alistair Pilkington, who had gone on to a knighthood and leadership of the company, handed over the chairmanship in 1980 to Antony Pilkington, a direct descendent of the founding family and a man who, despite a deceptively patrician air, had been blessed with a fair share of the lineage's entrepreneurial genes. He began a major restructuring of the business to cope with the crisis.

● A radical shake-up in working practices, starting with a pilot project at the new St Helens Greengate float glass plant was set in train. There was now to be one negotiating committee per plant, one pay scale, one canteen, the same hours and no overtime. All trades were reduced to two—electrical and mechanical workers. At the same time, the company started to farm out peripheral jobs which it would have formerly done in house.

The result is a more flexible, more highly paid and more highly trained workforce—but one which has been slashed by about half in the UK, from



around 15,000 to 7,000 overall, and from 4,700 to 2,890 in the flat glass division.

Labour productivity has risen sharply, while technology improvements have also helped cut production costs.

Yet this was achieved without any strikes, thanks to Pilkington's delicate handling of industrial relations and its work in setting up the St Helens Trust, a pioneer job creation scheme, to ease the pain it was inflicting on its headquarters town. Lessons had doubtless been learnt from the company's bitter seven-week pay strike in 1970—the first for 100 years.

● Responsibility was decentralised. Although Pilkington was floated on the stock market in 1970—the family was finding it harder and harder to finance the purchase of deceased relatives' shares—the attitudes of a family business died hard.

The board was too large and power too centralised to respond quickly to changing customer demands, pricing and products. The new chairman therefore reduced the number of directors from 18 to 11 and took away from them direct responsibility for operating divisions. This was devolved to divisional chief executives (most of them home-grown Pilkington managers with good reputations in their sectors), who were given clear responsibility for budgets, manufacturing, marketing and industrial relations.

Across the group, there was a much stronger emphasis on marketing. Research and development, for example, is now more market-driven, with much of its £50m a year budget going on development projects selected by the operating divisions.

Critics in the glass trade say that in the 1970s Pilkington had a rather arrogant attitude to its customers. "The impression they gave was that you were privileged to be dealing with them," says one merchant. Yet the trade acknowledges that over the past three to four years the company has become much more commercial in its approach.

It is only in the past 12 months that all these efforts have started to show through in the profits figures. The burden of the company's heavy redundancy programme has started to lighten, while European supply and demand have moved closer to equilibrium and manufacturers have finally called a truce in the price war, sending prices soaring.

During 1986 Pilkington put up its UK flat glass prices by 25 per cent — and those increases were mirrored by its European rivals. Despite some grumbling in the glass trade, prices are still below those of 1980 — even before adjusting for inflation — and UK prices are some 8 per cent below those on the Continent. Further increases are therefore expected in the spring.

It is the interaction between Pilkington's hard won unit cost gains over the past five years with the sudden increases in prices which has sent profits soaring so dramatically. And this strong growth seems set to go on for at least another couple of years.

The European glass market is in a cyclical upswing and, says analyst Angus Phaure of County Securities, "it should be a seller's market until at least the end of 1988."

But what will happen to Pilkington when the inevitable downturn occurs? It should be much better protected than in 1980, thanks to its cutting of manufacturing costs, while the European producers seem unlikely to engage in such a bitter price war again. "I think the glass industry has learnt its lesson," says Antony Pilkington.

At the same time, the group should be cushioned by its rapid diversification over the past few years, both geographically and into high-tech areas.

At the end of the 1970s Pilkington was far too dependent on its traditional British and Commonwealth markets, with 61 per cent of turnover in the UK, 11 per cent in Europe and 1 per cent in the US. Now the proportions are Britain 25 per cent, Europe 29 per cent and the US 26 per cent. This balance has been achieved largely through acquisitions, notably Flachglas in West Germany, and, last year, Libbey-Owens-Ford (LOF), the major US glass manufacturer in which it had previously held a minority stake.

As a result, Pilkington has become the world's leading manufacturer of flat and safety glass, though only by a short head.

As Antony Pilkington acknowledges, being able to call yourself the biggest is not a goal in itself. But he argues that you have to be big, given the size of the capital investment required in a float plant (up to £100m) if you are to be anything other than a niche player. Bigness can also provide important technological cross-fertilisation between subsidiaries.

America will provide an important test of this argument. In LOF it has bought a company which lost direction in the 1970s and went into loss. But since 1982 nearly all its old management has been replaced (by Americans) and it is now on a recovery tack, though it still has a considerable way to go. LOF's margins on sales are still well below the rest of the group (around 7 per cent compared with 12).

It is a leading US manufacturer of safety glass, supplying some 65 per cent of that used in General Motors' vehicles. This inter-dependence could prove a weak spot, given GM's loss of market share and sharp fall in profits.

But Pilkington is combatting this by widening the customer base—it has a joint venture with Nippon Sheet Glass in Kentucky (to supply Toyota) and in Mexico (for the sunbelt states), by moving into the windscreen replacement market, and by developing new products (notably encapsulation glass which allows windscreens and doors to be fitted flush and thus saves fuel).

Under LOF's old management the flat glass side of the business was given much less attention than safety and the company pulled out of the biggest part of the market—that for thin glass. Pilkington is now planning to get back in, and build up the business through better marketing and higher value added products.

Pilkington's expertise in flat glass has already led to a major improvement in the quality of LOF's existing products and the hope is that LOF's superior knowledge in safety glass will make Pilkington better able to tackle the world motor market.

In its quest for a greater contribution from high-tech subsidiaries Pilkington still has some way to go. Electro-optical and ophthalmic products currently account for a mere 5 per cent of group profits, but they are among the fastest growing parts of the business and Pilkington wants to raise their contribution to 30 per cent by the mid-1990s.

Products of the electro-optical business include sights which enable guns to pinpoint a target at night; head-up displays for US military aircraft; and fibre optic communication links. The ophthalmics division—centred on the Sola group, which was acquired in 1979—is one of the world's leading producers of plastic lenses.

Angus Phaure, of County Securities, believes that these areas have immense potential if Pilkington achieves the right technical breakthroughs in exploiting the science of lightwaves and the interface between glass and plastics. He holds out the visionary possibility of this side of the business producing more profits than flat glass by the turn of the century. Antony Pilkington is more cautious, merely saying: "There is enormous potential in electro-optics but there are also lots of pitfalls."

And, despite the restructuring, he acknowledges that the rest of the business still has problem areas, a major one being UK safety glass, the fortunes of which are tied to the ailing British motor industry. Pilkington has considered pulling out of the area, but then decided against this because "it would leave a void one of our competitors might fill, and you don't open up a flank like that in your home market."

And the bid showed that Pilkington's style of communication with the outside world left a lot to be desired. It does not say much for the company's relations with the City that its shares, which now trade at more than 700p following a sudden re-rating, were as low as 315p at one point last year.

That might have been the result of a touch of complacency, or of St Helens introversion. But Antony Pilkington seems to have learnt the lesson: "We don't want to get into a position again where someone thinks they can run our business better than we can."

WORLD CAR SALES

UNITED STATES	1985	%	1986	%
Domestic	8,204,540	74.3	8,214,663	71.73
Imports	2,836,973	25.7	3,237,647	28.27
Total market	11,041,513	100	11,452,310	100
DOMESTIC				
General Motors	4,607,458	41.72	4,532,798	39.58
Ford	2,070,392	18.74	2,066,507	18.04
Chrysler	1,139,936	10.32	1,173,463	10.25
Honda	145,976	1.32	235,247	2.05
Volkswagen	77,535	0.7	73,912	0.65
American Motors	123,449	1.12	72,853	0.64
Nissan	39,794	0.36	56,602	0.49
Toyota	0	0.0	7,281	0.06
IMPORTS				
Toyota	620,047	5.61	633,806	5.53
Nissan	535,372	4.85	493,549	4.31
Honda	406,413	3.68	405,399	3.54
Mazda	211,093	1.91	222,716	1.94
Volkswagen-Audi	214,566	1.94	203,115	1.77
Subaru	178,175	1.61	183,242	1.60
Hyundai	0	0.0	168,882	1.47

JAPAN	1985	%	1986	%
Domestic	3,054,065	98.38	3,077,728	97.83
Imports	50,081	1.62	68,387	2.17
Total market	3,104,146	100	3,146,115	100.
DOMESTIC				
Toyota	1,322,893	42.62	1,382,609	43.94
Nissan	781,862	25.19	765,755	24.34
Honda	296,648	9.55	304.949	9.69
Mazda	189,798	6.11	194,145	6.17
Mitsubishi	168,298	5.42	146,264	4.65
Daihatsu	97,434	3.14	87,609	2.78
Subaru	82,119	2.65	73,702	2.34
Suzuki	68,331	2.20	63,627	2.02
Isuzu	46,682	1.50	59,068	1.88
IMPORTS				
Volkswagen group:				
Volkswagen	12,987	0.42	16,067	0.51
Audi	5,391	0.17	7,717	0.24
Total VW group	18,378	0.59	23,784	0.75
BMW	11,766	0.38	15,250	0.48
Daimler-Benz: (Mercedes)	9,194	0.30	13,820	0.44

WEST GERMANY	1985	%	1986	%
Domestic	1,650,428	69.5	1,911,219	67.6
Imports	728,833	30.5	918,219	32.4
Total market	2,379,261	100	2,829,438	100
DOMESTIC				
Volkswagen group:				
VW	549,742	23.10	654,444	23.30
Audi	130,242	5.5	147,865	5.3
Seat	4,362	0.2	5,216	0.2
Total VW group	684,346	28.8	807,525	28.7
General Motors-Opel	367,838	15.5	421,339	14.9
Daimler-Benz-Mercedes	273,528	11.5	303,044	10.7
Ford	255,035	10.7	297,007	10.5
BMW	144,262	6.1	147,826	5.2
IMPORTS				
Fiat	102,558	4.3	124,325	4.4
Peugeot group:				
Peugeot Talbot	60,923	2.5	85,205	3.0
Citroen	37,038	1.6	46,320	1.6
Total Peugeot group	97,961	4.1	131,525	4.7
Toyota	61,182	2.6	91,740	3.2
Renault	74,099	3.1	87,961	3.1
Mazda	66,863	2.8	86,172	3.1
Nissan	63,253	2.6	82,472	2.9
Mitsubishi	45,182	1.9	62,909	2.2

UK	1985	%	1986	%
Domestic	767,636	41.90	828,871	44.03
Imports	1,064,391	58.10	1,053,603	55.97
Total market	1,832,027	100	1,882,474	100
DOMESTIC				
Ford	485,620	26.51	515,367	27.38
Rover group:				
Austin Rover	324,574	17.72	293,240	15.58
Range Rover	3,381	0.18	4,226	0.22
Total Rover group	327,955	17.90	297,466	15.80
General Motors: Vauxhall-Opel	303,473	16.56	285,517	15.11
Peugeot group:				
Peugeot Talbot	73,835	4.03	86,667	4.60
Citroen	27,479	1.50	34,427	1.83
Total Peugeot	101,314	5.53	121,094	6.43
IMPORTS				
Volkswagen group (inc. Audi and Seat)	104,272	5.65	115,154	6.11
Nissan	105,517	5.76	109,914	5.84
Renault	70,622	3.85	69,261	3.68
Volvo	59,549	3.25	68,972	3.66
Fiat group:				
Fiat Auto	54,460	2.97	61,729	3.28
Lancia	3,077	0.17	3,386	0.18
Total Fiat group	57,537	3.14	65,115	3.46

South Korea's Hyundai gears up for the big league

By Kenneth Gooding, Motor Industry Correspondent

WORLD CAR sales reached a record 33.2m last year. In all but one of the six main markets—France being the exception—more cars were bought than in any previous 12-months. But this almost pales into insignificance compared with the startling performance by Hyundai, South Korea's leading car producer.

Hyundai started to sell its small front-wheel-drive Pony Excel in the US in February with what seemed an optimistic sales target of 100,000 for the rest of the year.

However, by the end of 1986, Hyundai had sold 168,882 cars and captured nearly 1.5 per cent of the US market, a first-year record by an importer which seems unlikely to be matched.

Each of Hyundai's 155 US dealers sold an average of 950 cars, shattering the previous record of 640 cars-per-dealer achieved by Honda in 1985.

Hyundai this year expects its car sales in the US to rise to 250,000 and to move up from seventh to fourth place in the importers' league. If it succeeds, the Korean company will overtake long-established importers, such as Mazda, Subaru and Volkswagen, and lie behind only the Japanese "big three" — Toyota, Nissan and Honda.

Hyundai gained its chance to join the world's major car companies because US protectionism provoked restrictions on car shipments from Japan.

This encouraged the Japanese to move up-market — the quotas were fixed by reference to numbers of cars, not the value — and thus left a gap for low-priced cars. Hyundai was in a position to take immediate advantage.

The company had no difficulty in finding representation or setting up a sales and service network in the US. With the fortunes made by Japanese car outlets still fresh in the mind, dealers queued up: one in 10 applied for the Hyundai franchise.

All this enabled Hyundai, which has yearned for the automotive big time for ten years, to move from an annual output of 150,000 two years ago to a capacity of 500,000 today and 700,000 by the end of this year.

The expansion will enable Hyundai to tackle other serious markets. For example, it aims to build sales in the UK — previously its best export market—from 7,500 last year to 20,000 in 1988.

The money flowing in from the US, which accounts for about a third of world car sales and half the profit, will also enable Hyundai to escape the bonds which tie it to Mitsubishi of Japan.

Mitsubishi owns 15 per cent of the Korean company and supplies much of its technology, particularly for engines and transmission. But, by the early 1990s, Hyundai is determined to introduce the first all-Korean vehicles.

Hyundai's success has given the rest of the Korean industry a lead. The country's car production capacity is being lifted from 650,000 to 1.09m this year.

There is even a possibility that the sheer speed at which Korea is becoming a force in the US car market might rebound by turning the protectionists' attention towards that country.

Hyundai's performance last year built a $1bn automotive trade surplus for Korea in the US. Korea's trade minister Mr Rha Woong-bai has warned the car companies to be more cautious.

Mr Rha estimated that the value of car exports from Korea to the US would rise to $3bn this year from $1.3bn last year. While the Koreans had no intention of opening up their car market to imports, they would try to buy more components in the US to help reduce the automotive trade imbalance, he promised.

The US market is already in some turmoil because the Japanese have started to sell car production "transplanted" from Japan to their new American factories. This year 370.000 Japanese cars will be built in the US and, by the end of the decade, there will be capacity to produce more than 1m cars a year in North America.

Both Toyota and Honda have declared their intention to sell more than 1m vehicles a year in the US by the beginning of the 1990s, adding cars produced in the US to imports from Japan.

One record piled on another in the US last year, but domestic car producers did not benefit much. While new car sales moved to 11.452m, slightly ahead of the previous peak (11.451m in 1973), importers sold more than 3m cars in the US for the first time and achieved a record 28.3 per cent market share.

US sales of domestically-produced cars were up only 0.12 per cent from the 1985 level, only the 12th highest on record. Even so, Chrysler sold more vehicles in the US than ever before and GM's sales were the best since 1979.

In Japan last year, severe competition between domestic producers and a stream of new models in the seceond half-year pushed the new car market above the previous record of 1.35m set in 1983.

Toyota, the largest Japanese automotive group, continued to open a gap ahead of Nissan. Whereas Toyota's sales in Japan were the highest in its history at 1.75m, Nissan's slipped back 2.6 per cent to 0.765m.

Nissan faced the prospect of declaring a trading loss for 1986 and started this year with a management reorganisation aimed, it said, at building "a tough, lean corporate structure that can cope with sudden unexpected changes in the business environment."

Honda, in third place, continued to make ground, but the group's US car sales remained well ahead of those in its domestic market.

Action taken to ease the burden of technical testing on low-volume car imports to Japan had the desired effect last year and imports grew by more than one-third. However, they still accounted for only a miserly 2 per cent of the market.

Compared with the 68,700 foreign cars sold in Japan last year, the Japanese "volunteered" to hold shipments to the US to 2.3m a year and increased sales in Western Europe from 1.14m to a record 1.36m.

They were helped by exceptionally buoyant conditions in Europe, where car sales jumped by 1m to a record 11.62m. But the Japanese also gained a full percentage point of penetration to 11.7 per cent of the European market.

They made strong headway in West Germany, the world's third largest car market and Europe's biggest, before protectionist sentiment forced them to cut shipments during the second half of 1986. That was not soon enough to prevent the Japanese lifting their share of the German market from 13.1 per cent to 14.8 per cent.

West Germany was plagued for nearly two years by uncertainties caused by the debate about car pollution and what measures the government would take to encourage the switch to "environmentally friendly" vehicles. So there was an element of pent-up demand at work last year, when sales overtook the 1978 record of 2.66m and rose to 2.83m.

The market leader, the Volkswagen group, kept pace with the spectacular — for such a mature market — 19 per cent growth.

Among the other domestic companies, Daimler-Benz, the Mercedes company, was short of capacity but still managed to keep its nose in front of Ford, in spite of the latter's broader range of products.

Only the Spanish car market beat Germany last year by showing a 20 per cent rise to 0.689m registrations, an achievement inspired by lower interest rates, consumer confidence, political stability (the Government was re-elected) and entry to the Common Market.

In the record conditions in Italy, Fiat just failed to join the relatively exclusive club of manufacturers selling 1m cars a year in their home markets—membership is so far limited to GM, Ford, Chrysler and Toyota.

However, Fiat, which has the benefit of operating in a domestic market almost totally closed to Japanese competition, seems certain to join the club this year, having taken over previously state-owned Alfa Romeo in January.

France was the exception to the rule in 1986. Its car market failed to reach 2m—a level achieved in 1982 and 1983.

The battle for market leadership between the Peugeot-Citroen-Talbot group and state-owned Renault was fought on more even ground when Renault launched its new family saloon, the R21, in a sector which Citroen had been dominating with its BX.

The two French domestic producers did not achieve their objective of pushing back imports last year — the volume was up and the importers' share held steady.

France is another market almost totally protected from the Japanese and, characteristically, Fiat made strong progress, topping 100,000 sales.

The UK's Rover Group, which is well known in France, also did well in 1986. Rover has a close association with Honda and is a provider of Japanese cars to a market starved of them.

A review of the record UK car market in 1986 appeared in the Financial Times on February 4.

ITALY	1985	%	1986	%
Domestic	1,047,100	59.9	1,123,667	61.5
Imports	70,345	40.1	703,039	38.5
Total market	1,747,445	100	1,826,706	100
DOMESTIC				
Fiat group:				
Fiat Auto	747,139	42.8	817,020	44.7
Lancia Autobianchi	165,275	9.5	175,303	9.6
Total Fiat group	912,414	52.3	992,323	54.3
Alfa Romeo	112,909	6.5	112,126	6.1
Innocenti	14,462	0.8	13,130	0.7
IMPORTS				
Volkswagen group:				
Volkswagen	127,567	7.3	128,650	7.0
Audi	18,694	1.1	14,674	0.8
Seat	37,089	2.1	43,347	2.4
Total VW group	183,252	10.5	186,671	10.2
Renault	175,052	10.0	159,328	8.7
Peugeot group:				
Peugeot Talbot	56,570	3.2	65,718	3.8
Citroen	61,357	3.5	58,190	3.2
Total Peugeot	117,927	6.7	123,908	6.8
Ford	69,335	4.0	69,474	3.8
General Motors-Opel	58,204	3.3	58,163	3.2

FRANCE	1985	%	1986	%
Domestic	1,120,102	63.40	1,216,354	63.60
Imports	646,226	36.60	695,898	36.40
Total market	1,766,328	100	1,912,252	100
DOMESTIC				
Peugeot group:				
Peugeot-Talbot	385,492	21.82	390,361	20.41
Citroen	226,789	12.84	222,827	11.65
Total Peugeot group	612,281	34.66	613,188	32.06
Renault	507,788	28.70	603,147	31.54
IMPORTS				
Volkswagen/Audi/Seat	132,742	7.50	139,000	7.3
Ford	133,288	7.5	131,000	6.8
Fiat-Lancia	92,790	5.3	116,000	6.1
General Motors-Opel	87,143	4.9	93,000	4.9
Rover Group	31,944	1.8	38,041	2.0

SOLAR ENERGY

Money Management didn't underestimate it. They named Sun Life's Unit Trust company 'Best New Fund Management Group of the Year.' So did The Sunday Telegraph, whose accolade was 'New Unit Trust Group of 1986.' And The Observer, who named us 'Small Group of the Year.'

The market didn't underestimate it either. From January 1986 to January 1987, unit trust funds under management grew by £180 million from £21 million to £201 million.

Sun Life has combined the power and skill to win this financial hat trick with a performance versatile enough to stay the distance. For example, we're also celebrating the record performance of our unit-linked life Managed Fund that grew by an impressive 398% over its first 10 years to rank 2nd out of 32 funds.*

These achievements were no flash in the pan or beginner's luck.

They are the result of Sun Life's brand of energy. One that combines the strong business sense, nerve and stamina of an investment house, backed by 175 years of experience, and the shrewd observation and timing of an investment management team like SLIMS (Sun Life Investment Management Services).

Just a few good reasons why our skills shouldn't be overlooked by anyone interested in performance and expertise.

If you'd like to meet some energetic people, ring Tony Setchell on our factline, 01-606 7788.

*Source: Managed Funds quoted in F.T. 11/2/77 and still offered on 11/2/87.

SUN LIFE

BRINGING INVESTMENT TO LIFE

Industrial harvest from America's maize mountain

By David Owen in Chicago

A GROWING range of maize-based industrial chemicals is under development in the depressed American corn belt —a move which proponents hope may eventually help to absorb chronic national grain surpluses.

Within eight years, if current projects are a reliable indication, maize-based products may be competing with established, often oil-based, products ranging from biodegradable packaging to detergents, de-icers to a coal desulphurising agent.

There is no doubting the need to stimulate industrial consumption of maize. By the end of the current marketing year some 5.3bn bushels of maize, the grain crop worst affected by North American oversupply, will probably be lying in storage.

Attempts to boost exports are looking increasingly futile and since the current decade began it is the industrial sector which has been responsible for "virtually 100 per cent of consumption growth," in the US, according to Hal Smedley, the St Louis-based director of market development for the National Corn Growers Association.

In the 10 years to 1985—spurred by the expanding markets for maize-based sweetners and alcohol—the proportion of the national maize crop put to indusrial use rose from 7 to 13 per cent.

One company already well established in producing maize-based speciality chemicals is Horizon Chemicals, a division of the Illinois-based cereals processor, A. E. Staley Manufacturing.

Until recently, its marketing efforts were exclusively focused on the Sta-Meg range of methyl glucosides. These resin mix modifiers are now establishing themselves in several diverse industrial markets, according to vice president and general manager, Gary Granzow.

The product stands or falls by its capacity to enhance the performance of existing resin systems.

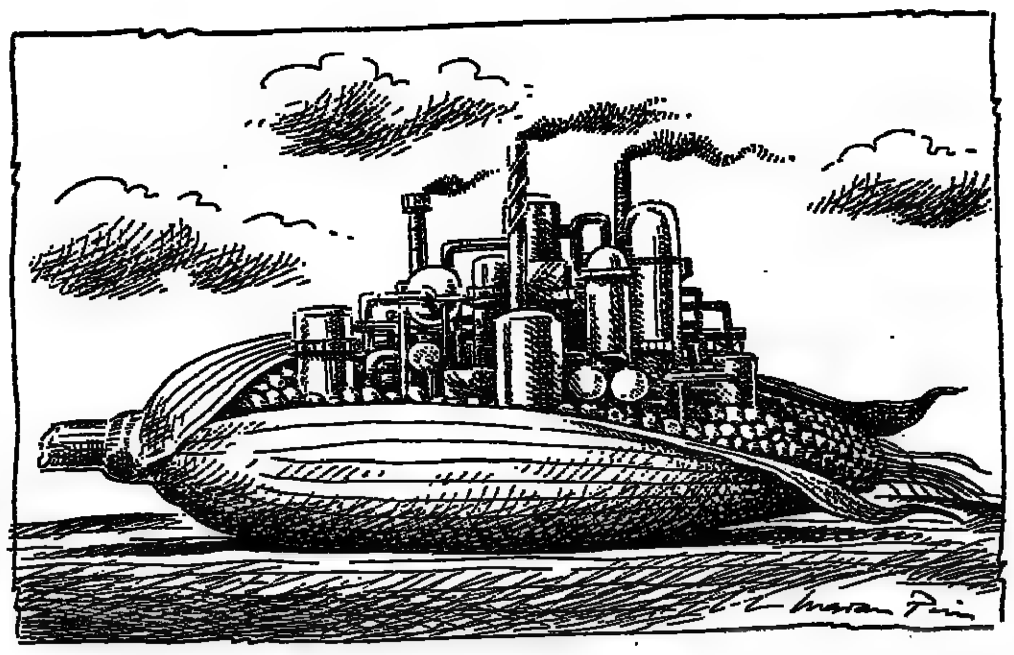
For example, Granzow says, the use of Sta-Meg in urethane foam production for the building insulation business "improves fire retardant properties and diminishes smoke generation." Added to wood adhesives, it enhances "the overall wedding properties," affording a 10 to 15 per cent increase in wood strength and enabling the buyer to use 10 per cent less glue.

Methyl glucosides have proved particularly popular, according to Granzow, as an additive to laminate adhesives, because of their so-called "plasticising" properties. When used in laminate manufacture Sta-Meg makes the material much more pliable and easier to punch holes in without splintering—an important consideration in circuit board manufacture. A related product is being developed for use with textile treating resins which, Granzow says, will make "cotton-polyester feel more like cotton."

Horizon manufactures methyl glucoside under a newly-patented process, by pumping raw, dried maize starch through a pipeline reactor at a certain temperature and pressure. The process converts the starch into dextrose, and dextrose, by reaction with alcohol, into methyl glucoside. "Our innovation was the pipeline reactor," says Granzow. "Starch is not soluable in alcohol — it is a paste. No one ever imagined putting that through a pipeline reactor."

Horizon's decision to launch methyl glucosides as its first product line was deliberate. As a bona fide new product area, there was no established direct competition. For its second angle of attack, the company is addressing an area where oil-based chemicals have long predominated: the 5bn lbs per year US surfactant market.

Surfactants are an integral part of all detergents. Without them, the emulsification of oil into water (the basic cleaning process) would be impossible. Horizon's maize-based surfactants, now at the test marketing stage, have a number of advantages over oil-based competitors, according to Granzow—not least a uniformly high level of water solubility. This solubility means that, for the first time, builder systems, used in heavy duty detergents, can potentially be formulated in liquid, not powder form.



An interim 5-7m lbs per annum plant will be onstream by the spring, says Granzow. The company will initially price its alkyl polyglucoside surfactants "at the higher end of the market"—a move which owes more to perceived performance advantages than to actual production costs.

Elsewhere, research is under way to evaluate the cost of deriving acetic acid from maize as a stage in the production of calcium magnesium acetate (CMA) — a possible alternative to salt as a road de-icer. The attraction of CMA: it is about eight times less corrosive. The drawback: even at today's maize prices, it would probably be six to seven times more expensive than salt.

CMA proponents like Hal Smedley believe, however, that this price differential should be set against the $2bn per annum of damage which he says salt does to American vehicles.

Research into biodegradable plastics for packaging applications is also "showing some promise," according to Smedley. In theory, he elaborates, a molecular bonding can be achieved between starch molecules and a non-biodegradable material, such as polystyrene, improving the characteristics of both.

Since this technique would conceivably permit the rate of biodegradability to be controlled, it may ultimately also be used to develop, for example, controlled-release pesticide capsules.

Currently, researchers are endeavouring to find a suitable "compatibiliser" to promote bonding at the molecular level. "What has been achieved so far is more combining than molecular bonding," says Smedley. "I will be sorely disappointed if we don't have something within five years," he adds.

How to get an immediate feel of on-screen product designs

BY GEOFFREY CHARLISH

3D SYSTEMS, a Californian company, has produced a prototype machine which, fed with the electronic output from a computer-aided design system, will produce in plastic a model of the object designed on the screen.

The company has just raised $1.5m from Vancouver-based venture capital company Lionheart Resource Corporation and is taking development towards commercialising its product. First sales are expected early next year, and although the price is unknown, it is unlikely to be less than $20,000.

The technology, called stereolithography, is the ultimate step in computer-aided design (CAD). Already, engineers and designers seated at screen and keyboard terminals can construct perspective drawings of products and components and fill them in to give pictures that are difficult to distinguish from colour photographs of the object itself.

Now, they will be able to take the final step and produce a model that can be handled and used for styling appreciation and perhaps for engineering tests. So the system will be of particular interest to consumer product makers.

It seems likely, for example, that car stylists could have a foot-long model immediately instead of having to wait for machined versions or full-size clay models made by craftsmen. Later, 3D Systems hopes to be able to make components that can form working parts in systems.

In stereolithography, a fine beam of ultraviolet light, steered by dimensional data from the CAD system, activates liquid photopolymer in a tank in three dimensions, causing hardening in the activated volume. (Photopolymers are liquid plastics which become solid where they are exposed to light of particular kinds).

The downward-pointing beam scans the areas of the photopolymer representing successive, very thin horizontal "slices" of the object. These areas harden and build up vertically to form the object as a stack of adhering laminations.

The system is straightforward, but has to be accurately constructed. Immersed in the vat of photopolymer is a platform that can be moved up and down in the liquid by an accurate vertical motion system. The platform starts very near to the surface so that it is covered by a thin layer of polymer. Then the beam makes its first passes to form four support posts as the platform is lowered. The process continues in the same way, starting with the bottom of the object and finishing with the top layer. As each layer is hardened, the platform descends and the liquid flows back over the surface ready for the next scan. On completion, the object is fully submerged. It is removed from the vat and a solvent is used to remove the unhardened polymer on its surfaces.

The company has so far produced only a feasibility prototype in which low light power and rather large spot sizes have been used. This means that objects of only a cubic inch or two take two or three hours to form. Furthermore, the accuracy of the finished dimensions are only within about 0.004 inch (0.001 inch would be more acceptable for a commercial version).

However, 3D Systems is currently building a system with higher ultraviolet light power, allowing faster scanning. Also, liquid polymers are being used with more sensitive response to ultraviolet light and with a lower vicosity which allows quicker flow-back over each hardened section. Figures from the company indicate that the fully developed system should be able to produce a shoe-box sized, dimensionally accurate object in minutes rather than hours.

The technique therefore seems bound to interest industries already using CAD, and where repetitive "cut and try" prototyping is customary. Usually, a protoype (or perhaps a prototype mould for a part) is machined in metal or plastic, taking anything from a day to a week. If it is not right, the lengthy, expensive process has to be repeated.

With 3D Systems' equipment, each prototype might only take half an hour to construct. By simple programming, several could be made at the same time, allowing assessment by a number of executives at once.

Car radar steers round cost barrier

THE IDEA of collision avoidance radar for road vehicles re-emerges from time to time but usually such systems turn out to be too expensive for consideration by the car makers.

Now however, Battelle, the US research organisation, has developed a system which it is ready to licence and which, according to Mr Tom Noble of the Columbus, Ohio, division, "is extremely simple and could be sold at low cost when manufactured in volume."

Noble thinks that if enough suppliers to the automotive industry emerge, costs "would be driven down quickly to a few hundred dollars."

The system combines a beam-steerable aerial with modern signal processing to allow obstacles in the road to be clearly distinguished from other, background objects. The beam steering unit is simply a rotating plastic cylinder with copper strips that deflect the radar beam in a fast sweeping motion across the road ahead. Any hazards are signalled to the driver by a light or audible warning.

Letting golfers know the score

FIDDLING ABOUT with score card and pencil on the golf course can be replaced by a device called Caddy Card, put on the market in the UK by Motion Vision of Marlborough.

With electronic key pad and liquid crystal display, Caddy Card can keep track of the single hole scores of from one to four players, their individual cumulative totals and the par totals for the course. It can also review any specific single hole or all holes played to that point.

The pocket-sized device costs under £40 and its batteries last for over 175 playing hours.

A shining example of detective work

A SMALL UK company, Lambda Photometrics of Harpenden, is offering forensic investigation equipment called Laserprint 1000 which promises to make life more difficult for criminals.

The operator uses a pencil-like probe, fed with light from a laser via a length of optical fibre. He scans the beam — as if using a small torch — over objects at the scene of the crime, whereupon any tell-tale evidence like fingerprints or fibres emit light due to fluorescence.

Set up in less than a minute, the device has an optional photographic kit enabling the evidence to be photographed and a print produced in 10 minutes.

WORTH WATCHING

Edited by Geoffrey Charlish

French sense of the driller's art

SAMEGA, a French company, has developed a device that provides drilling engineers with five important pieces of information as work proceeds.

Called Celerograph, the unit uses sensors to measure the rate of drill penetration, weight on the drill bit, injection pressure of the drilling fluid, rotational speed and torque.

Data collected by the unit gives engineers the information they need to identify different kinds of strata material, estimate hardness and permeability and detect any unusual cavities. The system will give instant warning of many kinds of problems.

CONTACTS: Battelle: US, (614) 424 7884 or in London on 01-493 0184. Motion Vision: UK, 0672 40315. Lambda Photometrics: UK, 05827 64334. Samega: France, 1 6448 9440.

FINANCIAL TIMES SURVEY

Office Design and Furniture

Today's revolution in information technology, plus the advent of automated building services and the "intelligent building" concept call for a greater expertise than ever in designing and equipping the modern office

Growing demand for wire management

THE ever-increasing use of computer terminals demands a high degree of wire management in office planning. An example (left) is British Telecom's billing department at Bedford where Flexiform's new furniture range, Fleximetric, is installed.

This range is one of two furniture systems developed by the Leeds company since the management buy-out in 1980, when Flexiform's turnover was just over £1m. This year's projected figure is nearer £10m.

Flexiform is one of several suppliers of wire-managed furniture systems selected by BT — other sources include Project, Britain's major office furniture suppliers; OEP; and the Crown Suppliers.

More than 45 mainline manufacturers. compete in the UK's £331m office furniture market in which computer-related "systems" furniture is the *fastest-growing sector.*

Planners face new pressures

By Jane Rippeteau

NOT MANY years ago, a leading architect joked that the first person to whom many corporate executives would turn when they needed a new building was the only person in the company that had anything to do with the building: the maintenance manager.

Those days are long gone.

Today, only the experts will do. For today, as the experts like to say, buildings must be "intelligent."

The level of complexity involved in creating office buildings today is staggering and unprecedented. Corporations want to reflect often complex, new architectural images. And structural feats in new buildings are not uncommon as buildings rise taller, span further—to accommodate large financial trading floors, *for instance*—and straddle other buildings to squeeze into tight city sites.

But that is just the beginning. According to executives and building professionals interviewed, *the most significant* impact on modern office space today is coming from the continuing invasion of electronics.

There are two principal and until recently distinct sources *of this:*

- Firstly, the advent of automated building services and energy management systems. Mechanical systems for heating, ventilating, air-conditioning and lighting, as well as surveillance, *security* and fire-protection *systems can now* all be monitored and controlled by microelectronics-based sensors, microprocessors and computers.
- Secondly, the information *technology revolution. This has* brought into the office advanced, multi-function telephones, desktop computers, and sophisticated capabilities for high-speed, wide-area voice, data and video telecommunications.

Expertise

"What's happening to buildings today is like kitting-out a chemical plant with control devices," says Alex Henney, a former computer systems engineer who now consults to DEGW Architects, a UK design and space-planning company.

The problem for the user—the owner, renter or buyer of such electronics-loaded office space can be enormous. Expertise is needed from two totally different disciplines—mechanical and electrical engineering, on one hand, and computers and telecommunications expertise on the other. And the invasion of electronics can affect everything from the lights to the furniture, from under-floor cabling *to long-range corporate strategy* as a company attempts to guess at just how much desktop computer power its employees will need or want to remain competitive in the business world.

Getting it right can, in some cases, cost millions of dollars, but making mistakes can cost that, too. Bad planning can, for example, harm an organisation's flexibility. If power outlets are not on the right kind of grid, for instance, that problem can restrict a company's ability to move people around or to install or alter new information technology required at a certain location.

The pressure is on to make sure one's space measures up. Automated Office magazine recently carried an IQ test for buildings, devised by the electronics controls supplier, Johnson Controls of the US.

From overhead lighting to whether wiring grids which can cope with PBXs (private telephone exchanges) or even the futuristic, "integrated services digital network" (ISDN) for mixing voice, data and video communications onto a single telephone line, the test prys into a building's level of sophistication. If your building falls below a top score range of 110 to 200, well, it just is not "intelligent."

Complicating matters is an unresolved discussion in the industry over whether and how to integrate the two sources of electronics in buildings, which have a commonality in microelectronics technology yet arrive from different disciplines: building engineering on one hand and computer and telecommunications technologies on the other.

"At the moment, you deal with two totally different sides," says Frank Duffy, senior partner of DEGW. "The vendors are different. The language is different."

Some companies, chiefly Honeywell, which has roots in both disciplines, are attempting to create a market for full-service packages. Others argue the two most sensible should remain separate. But the need for integration may actually be on *the rise.*

Experts point out, for instance, that one of the chief difficulties in highly-computerised environments is that of getting enough air-cooling capacity inside to dissipate the build-up of heat. But as advances in computer design continue, the heat problem is expected to drop.

"It could be that present high levels of air-conditioning will be too much as heat-generation of computer equipment goes down," says *one* specialist. This argues for flexibility in a building's mechanical engineering design *so* that cooling capacity can be cut if necessary.

Coping with these complexities requires top management attention in the planning of new facilities. At hand to help are dozens of new specialty consultancies. One in Colorado calls itself, simply, the Intelligent Building Corporation.

Responses

In addition, the traditional suppliers of new buildings, the architects and engineers, have had to respond. Some firms are developing the *required* expertise in-house; the top companies feel they have to or lose lucrative corporate clients. Mechanical engineers, pre-occupied for a decade with the energy crisis and its innovations in low-power *lights*, heat pumps, heat sinks, special window glazing and other energy-conservation techniques, have had to switch gears into a new discipline doting on bit rates and satellite discs.

New "cable management" companies have sprung up from beneath the floor to plan and organise the miles of cables required to wire up the ubiquitous electronics.

And office furniture makers are tapping a fast-growing market in custom-designed, custom-built furniture to hold the new desk-top electronic devices. Computer companies, telecommunications suppliers and others not normally in the busi*ness of office building* and design are in it now.

Many of these interests are competing *for* slices *for* the same business. The result, notes Henney of DEGW, is "a bewildering array of choices" for the user.

The array may continue to widen for some time, notes Thomas B. Cross of the Intelligent Building Corporation in Boulder, Colorado. He envisages a *day when office buildings may* simply house communications technology while erstwhile office workers, equipped with mobile communication devices, move about freely and conduct business from wherever they happen to be.

"We have to rethink the nature of the office building," says Cross. "Knowledge workers could use buildings simply to store their interface mechan*isms" as they move* about, travel in airplanes and stay in hotels.

Executives interviewed concede that just how to organise the development and operation of ever-more-complex office space is still unclear. One of the most *formalised* attempts to ease the user's burden is an approach developed in the US called "shared tenant services."

The idea is that a developer provides a building fully fitted out with all of the necessary electronic and communications systems, which he selects in advance. Tenants then rent space in the property, paying a fee for services provided.

According to Frank Duffy, senior partner in DEGW Architects and also editor-in-chief of *Facilities*, an industry publication, more than 100 shared-tenant-services projects existed in the US by the end of 1985, *with many more planned.* Properties involved are typically large, high-rise, in urban concentrations and built on speculation.

Cross of the Intelligent Building notes that the trend is especially attractive to computer and communication equipment suppliers who can install their own machines in them. A unit of International Business Machines manages over 50m sq *ft of such space, he says.* That's "a huge captive market for IBM services and equipment."

The concept has not always worked well, however. At least one leading participant has dropped out. The main problem seems to be that, with all the choices of suppliers today, not all tenants want their systems designed or pre-selected by somebody else. They want to choose and run their own telephones, computers and other systems they feel are best tailored to their own premises.

The Japanese have pursued *the intelligent building concept* aggressively, with a heavy emphasis on comprehensive electronic capability including so-called wide-area networks linking several buildings. They also place emphasis on city-wide planning to accommodate advanced telecommunications, such as the availability of teleports for telecommunications transmission into which multiple buildings can feed, says Duffy.

Just how the problems of designing, building and equipping the offices of today and tomorrow will resolve themselves is unclear. But what the industry, and a growing number of executives, do seem to believe is that those who ignore the challenge stand to lose the emerging tools of modern busi*ness. The technology is here.* Those who can harness it to advantage quickest will have the edge.

Office Design 2

In the City of London, Lloyd's new building is now a reality—the forerunner, perhaps, of a new generation of buildings that are totally services-dictated to meet the needs of the information revolution.

The shape of things to come

NEVER HAS an office building looked more like a big machine than Lloyd's of London's new headquarters in the City. The iconoclastic compound of exterior stair towers, exposed ventilation ducts and grid-encased atrium walls was designed for the Lloyd's insurance exchange by the British architectural firm, the Richard Rogers Partnership.

For the architects, making a building look like a machine was exactly the point they had in mind. To them, in many ways, the office building of today IS a machine.

"Up to 10 years ago, an architect's major task in designing a building was to keep the water out," says John Young, the partner in charge of the project for the Richard Rogers Partnership. "The new generation of buildings is totally services-dictated, and that means electronics," he adds.

Services, recalls Mr Young, used to mean a "water pipe and a drainage pipe."

Today, they include everything from the plumbing and lifts, sophisticated, computer-controlled heating, ventilating and air-cooling systems, high-technology lighting that may be tied in with energy-conserving air-recovery features, fire-protection, security, and, of course, the computers, automated telephones and telecommunications links that have been ushered into modern offices by the information revolution.

The Rogers Partnership, along with the project's engineering consultants, the prestigious UK firm Ove Arup, was keen to illustrate this machine aspect of today's most sophisticated office space. But even the designers were, admittedly, caught a little off guard by just how profoundly the new technology can affect design.

At Lloyd's, for instance, rooftop service enclosures are larger than the architects had originally intended them to be. The huge stainless steel boxes jut into the sky, tending to detract from an otherwise delicate detailing of the roofline. These units are larger than expected because the power loads they had to handle are larger than expected, explains Young. Loads kept growing as more workers adopted computer technology and desk-top terminals, he explains.

"The original brief by Lloyd's in April 1978 included less than half the electronics we have put in. Very few of the syndicates trading in the market were using terminals."

By 1980, everybody was in for a shock, according to Young and others involved.

Lloyd's had decided to have an independent consultancy review its project, advise on the electronics capacity the exchange had planned for, and sort out related technical requirements.

The study was carried out by Point Consulting Group of London, and its results "were devastating," recalls Young. "It said the building was underprovided by about 50 per cent in power capacity and in dealing-room new technology."

In retrospect, Michael Josephs of Point comments that the technology projections "have stood up remarkably well over the years," while the process of change is by no means complete.

Courtenay Blackmore of Lloyd's says: "In the summer of 1977, we decided we needed a new market hall. We projected the annual increase of demand for space weighted against the expected impact of electronic equipment and its supporting needs. It was a balancing act, and needless to say, we got it wrong."

Lloyd's knew that it wanted to maintain the single-room atmosphere and eye-to-eye contact of its traditional market floor, and it could project roughly what its growth would be. The wild card concerned the extent of information technology needed. At the time, recalls Blackmore, fewer than 10 of Lloyd's 250 individual underwriters used computer terminals.

"The underwriters just didn't know whether they were going to, or when," he says.

The basic configuration had been set to obtain maximum flexibility for growth while retaining the single market hall, known at Lloyd's as the "room." All the service elements—staff facilities, lifts, duckwork and such—that are normally hidden away inside the building, were pushed out to six exterior towers standing at irregular spots around the rectangular perimeter.

This left the centre of the building open for the market room, which comprises the floor of a stunning, building-tall atrium. The atrium is ringed at upper levels by additional balcony floors for expansion. They were needed sooner than expected as Lloyd's grew to some 300 underwriters.

The arrangement seeks to maintain eye-to-eye contact from anywhere. People on the ground floor can see other underwriters on balcony levels. They can also reach them in person quite easily by escalators rising through the atrium from the ground floor to the upper levels.

The designers intentionally enclosed the escalators in clear walls so that their mechanical innards are on view. The effect is an appropriate and exciting atmosphere of continual motion.

That part worked fine. The hitch came as underwriters, along with the rest of the City of London, began warming to information technology.

"We have gone from a Lloyd's with a handful of terminals to a room" where half of some 300-odd underwriters have desk-top terminals on their underwriting boxes, says Mr Young.

Every position is wired for electronics. The prospect has a state-of-the-art raised floor, one elevated about 2 feet above normal floor height to provide space for a spaghetti-like maze of cables and wires to bring power to each underwriter position.

Power runs along a central spine, with outlets on a regular grid, according to Mike Handley, senior engineer at Bovis Construction, which built Lloyd's. Extensions of up to 2 metres are possible from each outlet, providing flexibility. People can relocate and walls can be moved without having to reinstall power lines.

Power requirements shoot up under such conditions. Power is needed not only to run computers themselves, but when they are running they generate heat that must be dissipated by extracting hot air and adding cool. This, alone, is difficult to plan for because design improvements are gradually reducing the heat generated by terminals, engineers say.

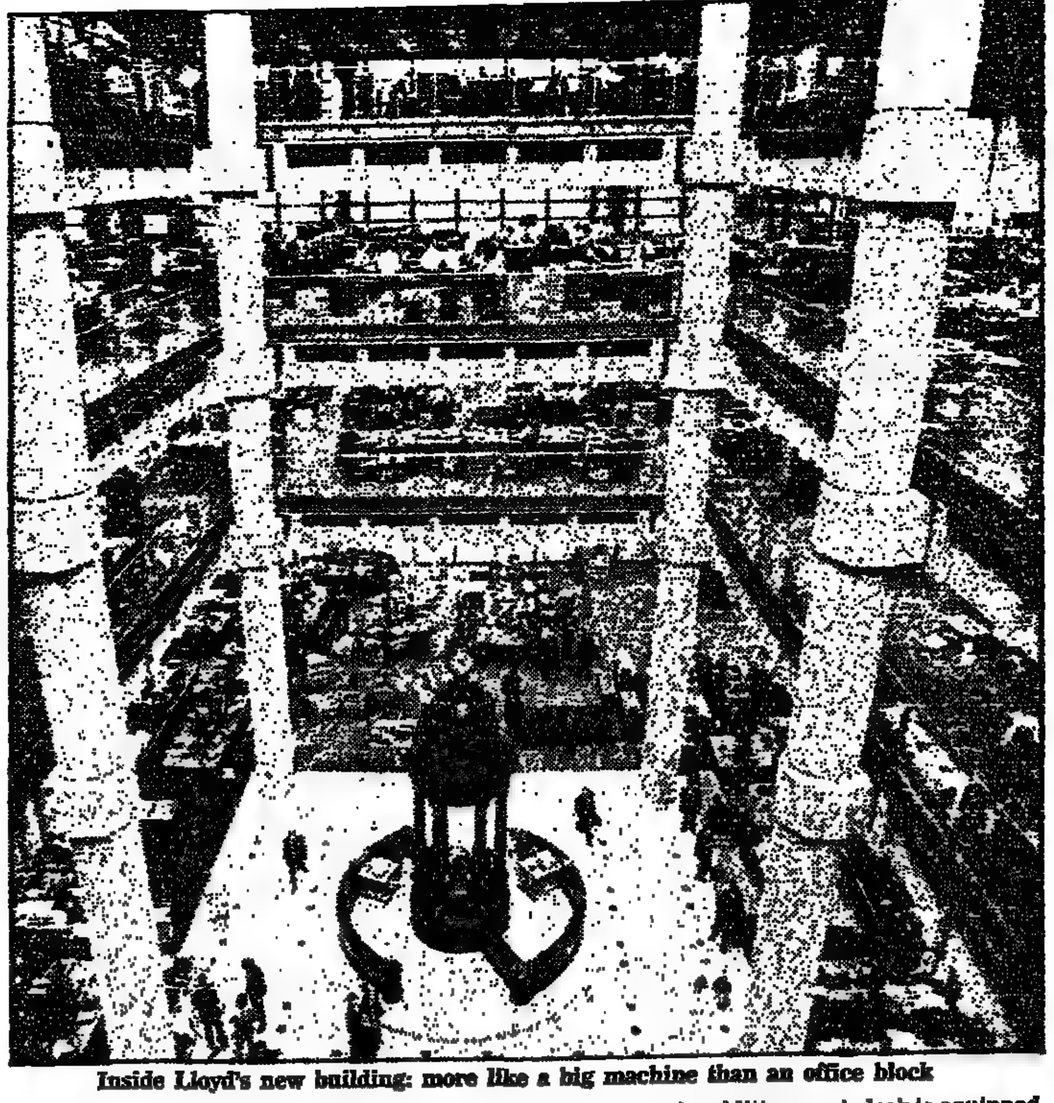
That may mean, one day, that some of the capacity added to Lloyd's may no longer be necessary, says Mr Young.

Because of the increased power requirements, the exterior towers wound up "larger and more bland than we would have wished," concedes Mr Young. But he believes that the basic concept of separating what he calls "served and servant" space in an office building is valid and will continue to be a good solution for new buildings.

The final building "is proving to be flexible," says Mr Blackmore. But it has not come without a struggle.

Particularly vexing was the vast amount of rewiring required as specifications changed. He recalls an encounter on the job one day that would humble any self-appointed expert on high-technology buildings. Passing an electrician, the man looked up at Blackmore. "This is the fifth time I have rewired this spot," Blackmore recalls him saying. "And I thought you lot were supposed to be pretty clever."

Jane Rippeteau



Inside Lloyd's new building: more like a big machine than an office block

Customised design in the world of finance

THE ADVENT of electronic information technology in the office has brought with it a new breed of furniture—often customised and costly.

London financial institutions are stoking this market, says John Young, partner at the Richard Rogers Partnership. Young says the average amount that a City company spends on a single workstation in newly fitted offices today is up "several hundred per cent" over 10 years ago.

"It's expensive stuff," he says. "This is a market where people working in these buildings expect to be paid well and provided with the very best surroundings."

The new Lloyd's of London headquarters in the City, designed by Young's firm, is indicative: the underwriting desks, called boxes, provided for its syndicates are custom-designed and custom-made.

A worker seated at such a desk may not only conduct business, he or she can also alter lighting in the immediate area, switch on fans under the floor to bring in more fresh air, fine-tune the amount of heating or cooling emanating from built-in ducts, and access all manner of electronic information from desktop screens, if desired. Not all syndicates have opted for computers yet.

Originally, Lloyd's had intended to take with it to its new headquarters the time-worn underwriting boxes familiar to its former "room," which is what it calls the large open market space where brokers shop among syndicates to place portions of insurance risk.

But those plans were dashed by an independent study commissioned by Lloyd's on the projected impact of electronics on its business. The 1980 study by London's Point Consulting Group warned that demands for electronic information technology were likely to exceed Lloyd's expectation.

To use the old boxes, "they realised they would have had to split them apart and put in a half-metre-wide slice," or track, to carry power outlets and services needed to support computers and other equipment, recalls Mr Young.

To his delight, Mr Young and his team were commissioned to develop a completely new box. He recalls looking at the competitive Lloyd's environment as one of the "market stalls, except that they were selling millions of pounds of insurance, instead of pounds of apples." Hence, differentiation among the boxes was desirable, but the basic box had to be standard.

"We took a 'kit of parts' approach," he says.

Working with the Milan furniture company, Tecno, which also has offices in New Bond Street in London, the designers decided on a pressed metal frame comprised of two up-ended U-shaped pieces standing back to back, with a "technology slice" hidden between them and a superstructure rising above. The design allows for an underwriter seat on either side of the box. And to maintain a traditional feel to the overall design, a timber cladding was selected for the top, says Young.

In the half-metre-wide technology slice, or gap, between the up-ended "U" frames are power supplies for computer terminals, electrical outlets for other equipment an underwriter might want, telephone connections, and ducts for air-conditioning, which emanates at desk-top level up toward the face.

Above the box is a support rack that permits an underwriter to mount the terminals or screens of his or her choice. In addition, each desk is equipped with a specially designed switch box that gives the occupant some control over the temperature and lighting in the immediate vicinity.

To differentiate the boxes, Lloyd's allowed for a choice of four different desk heights, different desk tops, such as fixed, tilted, moveable or with drawers, and three different colours for leather pieces inserted into the wood tops.

According to Mr Young, the extent of customised design in the Lloyd's underwriting boxes is no longer unusual.

"It's indicative," he says, of the kinds of environments that workers in the high-stakes financial services businesses "are beginning to expect from their employers."

Jane Rippeteau

Computer-related furniture systems in big demand

STANDARD desk work may be on the way out in Europe, despite robust times for the white-collar worker: customised "systems" furniture is growing more rapidly than nearly everything else in the modern work station, says a study of the $1.9bn annual market for office furniture in the EEC.

More than a tenth of this volume is in the specially-designed, computer-related system furniture. While sales in the market are expected to rise an average 3 per cent a year—or 20 per cent overall, between the base year 1984 and 1990—the system portion "will rise very rapidly, about 13 per cent a year in real terms," say the market analysts, Frost and Sullivan.

By 1990, this fastest-growing segment will comprise more than 18 per cent of the market's value, the study says, with pressures on office space and the advent of the computer in the workplace contributing factors. The overall market will stand at $2.2bn in 1990 (at manufacturer selling price, in constant dollars at 1985 exchange rates).

In general, desks represent about 40 per cent of total value, seating accounts for about a third, and storage products comprise more than a quarter.

On average, Italian companies spend more on equipping their office workers than their counterparts in other EEC countries.

The retail cost of equipping a new office worker in Italy is $1,322, compared with $1,242 in West Germany, $1,158 in France, $1,220 in the Netherlands, and $978 in the UK (below average).

Systems design is "likely to provide a major growth point" in Germany as current suppliers are adapting rapidly to electronic needs. Refurbishment of older offices will prove a highlight but demand from new office building will be relatively small, the study projects. Germany represented roughly a third of the EEC market value in 1985, or nearly DM 1.6bn.

Sales in the UK were about a fifth of the total market (£260m) in 1985. France, roughly equal to the UK in domestic 1985 sales (FFr 2.9bn) is projected to grow more slowly due to lack of incentives from the government in furniture replacement.

The National Business Equipment Survey estimates that 50 per cent of the £117m systems furniture products sold last year in the UK were imported into Britain, the remaining half being either manufactured or assembled in part in Britain.

According to NBES, the value of integrated furniture systems sales far outstripped those for any other office furniture product, making up 39 per cent of last year's total market value—that is double the value of sales for seating and desking and three times the level recorded for conventional three and four-drawer filing cabinets and storage furniture.

In the opinion of Mr G. P. Barua, director of NBES, systems sales will continue to increase at a faster rate than those for any other product sector during the course of the next three years.

"In 1990, systems sales will account for nearly half of the UK furniture market," he says.

Project, the UK's largest office furniture manufacturer, with sales of more than £34m, claims 16 per cent of the total office furniture market and is the most profitable supplier in the sector.

Herman Miller are still the leaders in the system market, with a 14 per cent share, while many of the 45 mainline manufacturers are launching new ranges of system into a crowded marketplace.

Herman Miller, famous for its Action Office system, is planning to launch its new Ethospace system at London's Business Design Centre next month.

Ethospace was introduced last year at Orgatechnik, the major industry show at Cologne. The upmarket system, designed by Bill Stumpf, in association with Jack Kelley and Clino Castelli, claims to be "the most significant advance in office furniture design since Herman Miller introduced the first systems furniture, 25 years ago."

New ranges of systems furniture will be featured with a wide selection of other equipment at "Office '87," the London showcase for the £10bn a year office equipment industry in the UK.

The exhibition at Olympia of office machines, furniture, products and accessories takes place from June 2-5, featuring new products fresh from the Hanover and Sicob fairs.

The range of electronic and non-electronic equipment will also include facsimile machines, telecommunication systems, copiers, microfilm, microcomputers, word processors, typewriters, filing and retrieval systems, vending and mailroom equipment.

Other leading names in the UK furniture scene, by sales, include Arenson (President), Steelcase, Intercraft, F C Brown, William Vere (Verco), Westinghouse, Giroflex, Lucas, Vickers, Evertaut, G A Harvey, TBS (S Wales), Tan Sad, Antocks Lairn, Abbott Bros., Alan Cooper, W H Deane, Scott Howard, Gordon Russel, A Marshal, Shannon and Sheer Pride.

These suppliers, and others, are investing in new products to appeal particularly to the design and architectural community, since independent consultancies, whether in the guise of architects, interior designers, or space-planners, have long wielded a strong influence over their corporate clients' choice of furniture.

Many UK designers are concerned by the rising import penetration of the furniture market with products from the US, Italy, Germany and Scandinavia. For example, Mr Michael Carson, of Office Kit - he is a well-known UK designer with 25 years' experience in the field - feels that "the financial community in Britain has a lot to answer for in not sufficiently backing design-led furniture products."

While Office Kit and some smaller companies have succeeded in appealing strongly to the design community, many suppliers are struggling against imports which total around 34 per cent of the UK's £331m office furniture market.

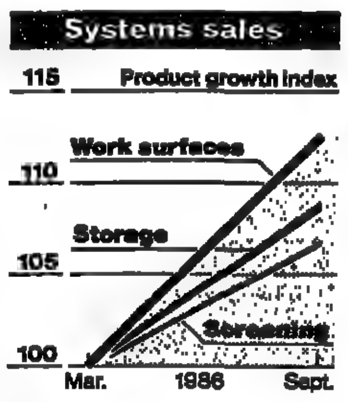
In the four years up to 1984, furniture imports from other EEC countries doubled in value and rose by 77% in volume, but more recently there have been signs that some segments, particularly in desking and systems furniture, where UK manufacturers are gaining strength.

* * *

* *The Office and Institutional Furniture Market, 254 pages: Frost and Sullivan, London and New York; ($2,000).*

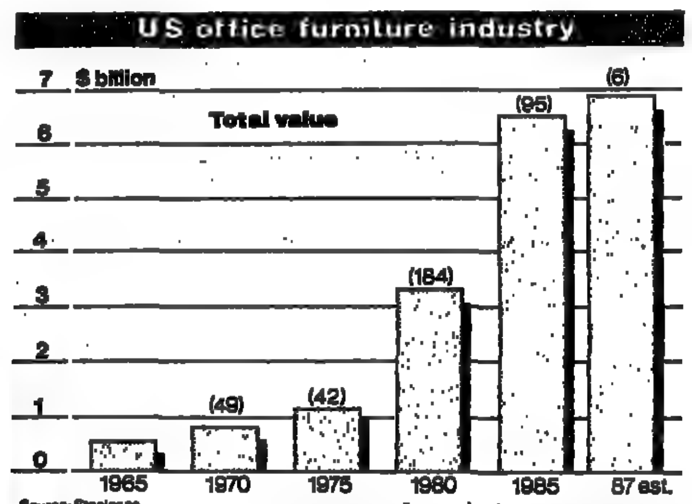
The National Business Equipment Survey, London (01-586 0403).

Michael Wiltshire

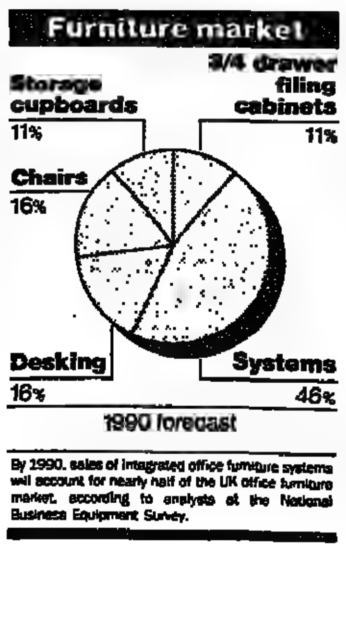


UK sales of office furniture systems work surfaces grew faster than either storage or screening in the six months period. Suppliers expect work surfaces to remain the major growth area within the systems furniture industry, according to NBES which carries out a twice-yearly review of the sector.

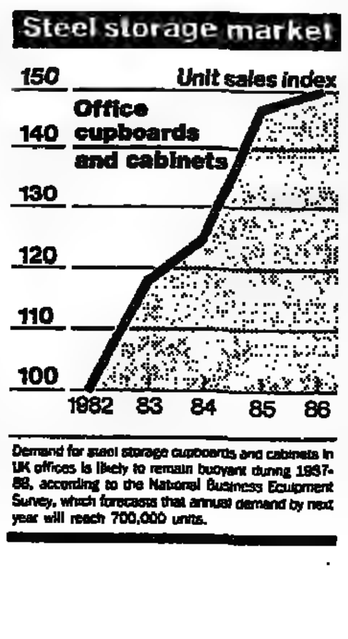
Mr Robert Steel, chairman of Project Office Furniture: the UK's most profitable company in the sector with sales last year of more than £34m. Project has just launched its flexible new Prismascope system—"we long ago abandoned the notion that any single product structure can meet differing needs of diverse customer groups."



The systems furniture sector has shown dramatic growth, rising from $177.9m in 1975 (15 per cent of office furniture sales); to $731m in 1980 (22%); and to $2,043 in 1985 (31 per cent of sales).



By 1990, sales of integrated office furniture systems will account for nearly half of the UK office furniture market, according to analysts at the National Business Equipment Survey.



Demand for steel storage cupboards and cabinets in UK offices is likely to remain buoyant during 1987-88, according to the National Business Equipment Survey, which forecasts that annual demand by next year will reach 700,000 units.

Office Design 3

Design consultants' role

How research skills meet vital needs

DESIGN and design consultancy are growth areas in British business. The main reason for this is the rapidly changing nature of communications and information technology.

The design of an office or any workplace is subject to frequent and not always predictable changes, but designers and architects often suffer from a lack of research and a shortage of some of the most basic information about their clients' needs.

The occasional dramatic forecast that "soon all offices will be redundant and everyone will have their modem and computer at home..." does not seem to have much effect on the actual physical world of the office and the commercial developer.

Because of the extensive and continuing changes in office technology and the consequent alterations in space standards, there is genuine need for professional advice. The office is a substantial investment for any company, but there seems to be more easily available information about the performance of a new car than about the satisfactory functioning of a multi-million pound office building.

The evidence is all around us that the buildings erected in city centres in the 1960s and early 1970s have become inadequate more quickly than any other generation of commercial buildings.

Clearly, in the 'Sixties many a professional designer was singularly short-sighted when it came to office design. It appears that few anticipated the widespread use of the computer, the need for flexible wiring and easily changeable services and even fewer foresaw the decline of the cellular office.

What are the chances of the design professions being better prophets today?

First of all, it is clear that particularly in the realm of offices, there is now an established expertise in the form of specialist firms that are not just architects or interior designers but companies with an impressive research capacity. Their skills enable them to keep up with developments in technology as monitoring is a key factor to their activity. In a world where "paper flow" has in many cases changed dramatically, it is essential for designers to understand the latest technology.

In 1986, the top 15 design practices in Britain who specialise in the design of the workplace were handling contracts to the tune of some £200m. The largest design firm, Fitch and Co., with a staff of some 280 were designing for a list of clients as diverse as British Telecom, Guinness and a substantial range of retail clients.

It is not simply quantity of work that matters. An important British firm in this area, DEGW, with a staff of 150, has an established reputation for research and innovation in the field of office design.

DEGW can claim much of the credit for the establishment of the concept of what they call the "intelligent building". This identifies the need for new offices or business premises to have the capacity to both incorporate advanced information technology and the means of monitoring the actual efficiency of the building itself.

An example of this new type of office supplied by DEGW research, is the Rank Xerox building at Marlow, Buckinghamshire. This building has to have a large data-handling capacity to supply its own needs, as well as satellite connection to their American headquarters and worldwide network of branches.

This need determines the nature of the design of the building. The office, with 3,000 miles of cabling and a terminal/staff ratio of 1:1, has had to be designed to meet the needs of the system.

Integrated intelligence means that any newly-designed office must incorporate its own energy and information control systems. The management of space, data and energy in an integrated way is the key to effective design of the workplace. It is this unusual and in many ways new combination of skills that is needed in the design professions.

It is no longer sufficient for designers simply to know about *design; they have to understand* the management and organisation of business. What businessmen are looking for, too, is the professional who has already sifted the ever-growing quantity of information and attempted to rationalise the potential conflicts of international technological systems.

What is known as a "Smart Project" is the end-result that any business should be seeking in a new office. It is a building that has its own 'intelligence', can accommodate the deregulated telecommunictions, understands the control systems that make office work efficiently and economically and has the potential for change.

The role of design must not be forgotten and the quality of the new office must incorporate finishes, colours and humane touches that make the working day agreeable as well as efficient. British designers have developed in the last five years to an impressive extent and there is clearly an encouraging return to very high quality interiors.

It is British designers after all who have recently designed the triumphantly successful Hong Kong Shanghai Bank headquarters, (architect, Norman Foster) and the highly advanced new Lloyds (architect, Richard Rogers). At a smaller scale the development of business parks such as Stockley Park (architects, Arup Associates) show how there is variety and skill within a highly designed total environment. The new multi-discipline designer is a key figure in the future of industrial and commercial growth.

Colin Amery

Psychology in the office

Keeping staff happy and productive

In what is claimed to be one of the largest single orders for office furniture in the UK, a £1.3m contract for more than 1,000 workstations in American White Oak has now been completed by Logic Office Contracts at National Westminster Bank's Drapers Gardens building in the City of London.

CONTENTED bees make more honey. Happy humans also perform better, whether at work or outside. But what is happiness? Office workers, like anyone else, it seems, value a little privacy and a sense of their own identity, but at the same time *need to feel* that they are part of a group, working together towards a common goal.

Designers of offices have long tussled with what appear to be these competing requirements, on the one hand privacy and freedom from distraction, on the other ease of communication, whether verbal or visual.

According to Richard Hildesley of consultants, Space Planning Services: "There is a territorial desire to protect yourself and wrap walls around you, and to a degree it is right that people should be allowed to define and personalise their own area. In traditional cellular offices, they would make their office an extension of their home with plants and pictures of their children.

"But there is a big challenge to this as the nature of work is changing. With a reduction in status consciousness, particularly among senior staff, it is less common to find executive suites separated out from the main body of the workers."

With the escalating cost of office space, there is, he says, embarrassment about wasting that space.

"Each group within a company is a profit centre and so the cost of space is usually apportioned to divisons, forcing senior guys to reassess the space they need," he says. "They will still have a large desk for meetings but won't have it in a great arena."

The revolution in information handling is perhaps the greatest catalyst for change in office layouts, with managers tending to be team leaders rather than deities, encouraging senior managers out of their own domain.

With information on-line, decisions often have to be taken instantaneously. That is most evident in dealer rooms in the City of London, but it is an increasingly important influence throughout the whole spectrum of business. And with the boss and the secretary accessing the same information on the same type of equipment, the space requirements of junior staff have generally increased, while the area that the boss needs around him has in many cases, diminished.

Some parts of management nevertheless require to have their own cordoned-off area, particularly those taking hiring and firing decisions, or those needing to discuss confidential matters affecting the company's finances.

And, according to Robert Borsua of Olivetti, status is still important in defining the amount of space alloted to different sections of management.

"It is more a requirement of the job, than status for status sake. Visitors to a company have two views of that company, the reception area and the office they visit. If someone is in a senior position, taking decisions about suppliers, for example, he has to be able to give signals that he is in a position to take those decisions."

Even with the tendency of some elements of management to join more junior staff in an open-plan environment, small meeting rooms are still desirable where open and frank discussion can take place when necessary.

The ideal office, then, seems to be a mixture of open plan and cellular. Large areas of open plan can be broken up with screens, so helping to define circulation space and removing distractions and people's feelings of insecurity, the sense that someone could be creeping up on them from behind.

Because there are no walls to mask conversation, open plan offices benefit from having a general blanket of noise of about 30-35 decibels, while fabric screens, tiles and carpets can be deployed to break up that noise.

Different colours can also play a part in reducing the anonimity of open plan, but the effect of colour, according to some studies, can depend on where you are born. In England, for example, green is often considered a restful colour, while in Germany, green is considered more disturbing, brown more restful, making it important for companies operating across countries to think carefully before standardising the colour of furnishings.

The texture of furniture is is important, says Jack Spalding, managing director of Steelcase, UK.

"Over 60 per cent of the UK office furniture market is in wood products. There is a touch and look about wood that people like. People are saying: "I want to be loved when I come to work, and wood loves me a little bit more."

"We have gone the high tech route of steel look-alikes in the past, but now the pendulum is swinging the other way."

In the US, for example, wood's share of the office furniture market has recently increased from 25 per cent to 32 per cent.

"The more technical we get, the more VDUs we use, the more important it is to put plants and pictures besides them. They are more friendly and natural than desks," says Mr Hildesley.

"It is important, above all, to give people as much control as cabling, lighting and ventilation will allow within their own area," says Mr Spalding.

But though a contented workforce is the aim, there are no blanket solutions—a fact that prompts most office furniture suppliers and consultants to suggest carrying out accommodation studies, building up a profile of an organisation before recommending an office layout in detail.

Alastair Guild

Case study: how expertise in the fields of telecommunications, architecture and engineering were merged to produce a successful office design project for the world of finance.

A blend of top talents

KENNETH G. McGEE has a master's degree in telecommunications management, and has held jobs in that business at both Goldman Sachs and Citicorp. When he became a vice-president and chief of Communications Services at Salomon Brothers International in London in 1986, the last thing he expected to be doing was designing furniture.

But that was just about the first task he encountered. For the furniture, and the office space it would occupy, had everything to do with communications. McGee was to be a key member of the team designing Salomon's new London offices in renovated space at Victoria Plaza, adjoining the vast British Rail Victoria train station.

Says project architect Keith Mawson of Heery Architects and Engineers Ltd.: "The expertise of somebody like Ken doesn't exist in our profession. The average architect/engineer firm doesn't have that in-house. Had Salomon not had their Ken McGee, we would have had to purchase that."

Five years ago, McGee, the telecommunications man, and Mawson, the architect, might have been odd partners on a design project. Today they cannot get along without each other. It is indicative of how deeply the invasion of computers and telecommunications into the conduct of business has affected the development of modern office space.

Nowhere, says McGee, is this more pronounced *right* now than in his industry: "In the investment banking and trading business," he notes, "you live by your telecommunications ability, or you die by it."

Salomon was determined to get it right. Victoria Plaza, now occupied, is the company's new international headquarters—the hub of a 24-hour-a-day global financial services business running from securities trading, stockbroking and merchant banking to specialised transactions in currency risk management. These can involve complex manoeuvres in multiple currencies and multinational securities.

Information fuels such deals, and electronic communications linkages are essential for carrying them out. Those who have the best of these capabilities have a market edge, provided their people can make the most of it.

Saloman—not unlike its competitors—wanted to bring the capability for instant access to global market data and transaction functions to its workers' fingertips. It had to put it into the very desks on its dealing room floor.

Victoria Plaza's 44,000 square feet of space includes a state-of-the-art, single, open dealing room a third the size of a soccer field. From an initial 284 positions on that floor, dealers can access internal communications links with Saloman offices in New York, Tokyo and elsewhere, tap into over 30 outside data services and use an advanced telephone system with 120 lines and such features as automatic dialing to a selected list of numbers.

To ensure future flexibility, "we gave people more than they require," says McGee. Each desk (each of which can be shared by two people) is equipped with a rack system that can accommodate up to 14 video screens, even though the average number now in use at each desk is only three. The highest number of screens now racked up is 12, he says.

The screens carry such data as general news and market information from Reuters and Telerate to specifics required by dealers in gilts or financial futures.

If someone decides they need more information, each desk is already designed to handle that. Although rewiring is required, "we can go from three terminals to 12 overnight," says McGee.

It was the need for all this information and communications capabilty that determined the design of the desks, and the remainder of the project stemmed back from there, according to McGee of Solomon and Mawson of architects Heery. The sources of information and communications needed were determined first. Next, the hardware, from PBXs (private-branch telephone exchanges) to video units to individual telephone switchboards, were chosen.

Under over-all direction of Salomon's in-house architect, Bob Metcalfe, the team began designing a desk, and an outside office furniture design company was brought in, says McGee. The traditional aspect of the resulting furniture belies the electronics within.

Once desk-level communications parameters were set, it was possible to proceed with other elements. For one, the number of communications lines provided by British Telecom and Mercury into the building had to be increased.

"You need more circuits per person in this business than in virtually any other industry," says McGee.

The original building, developed as a speculative office project, was served by 400 lines, he says.

"We wanted to bring that up to over 2,000. They looked at me like I had two heads," he recalls. "Now we have 3,000 lines coming in."

Flooring also received special attention. In highly-wired projects such as Salomon's, it is usual procedure to elevate the flooring so that a maze of spaghetti-like cables and wires can be hidden below it.

Cabling

The original speculative building had just such raised floors, but they were not high enough to take all the cabling that Salomon's project required, recalls architect Mawson. Another two feet were added; a person steps up to enter the trading floor.

Another limitation of the original building was an inadequate power supply.

"It was wired for about a half a watt per square foot," recalls Mawson. "Our trading floor was going to need an average of nine watts per square foot, and parts of Salomon were going to need 15."

Power capacity was not only increased, it was duplicated with generators adding up to "the size of a house" to ensure uninterrupted power.

Although the building had limitations, Salomon selected it after a city-wide search for a place with at least 10,000 square feet of column-free space, preferably two stories in height, for its open dealing room. The Victoria site had that, but initially was rejected because the desired space was an atrium, says Mawson of Heery, which was among those retained to help Salomon find space.

"We had to have a ceiling over the dealing room," recalls Mawson. It was needed not only to carry lighting, air-conditioning and fire-protection outlets, but also for privacy. At the same time, British Rail would not permit any additional weight to be placed upon its own track structures below the project.

No other appropriate space could be found. Salomon decided on Victoria Plaza, and designers set about engineering an entire new structure to stand within the atrium space.

Under the direction of construction managers Leher/McGovern and contractors Bovis Construction, a ceiling supported by two slender columns through the dealing room and running down to footings below the rail tracks was erected over the room like a giant umbrella.

To Mawson of Heery, the Victoria Plaza project demonstrates just how dramatically office building design and construction have changed in just the last five years.

The original building at Victoria Plaza "was designed in 1981, but it didn't work" for Salomon's need, he says. If built today, even as a speculative project, it would have more extensive raised flooring and considerably higher capacity for power supply, air-conditioning, fire-protection and other services.

"It was a good speculative office building when it was new. But now, it is not new enough," he says.

Jane Rippeteau

THE ARTS

Arts Week

F	S	Su	M	Tu	W	Th
20	21	22	23	24	25	26

Theatre

LONDON

Les Liaisons Dangereuses (Ambassadors): Christopher Hampton's masterly version of Laclos' epistolary novel is sexy, witty and wise, like a collaboration between Marivaux and de Sade. Howard Davies's sell-out pre-Revolutionary production for the RSC has moved from the Pit with Alan Rickman and Lindsay Duncan still battling and bitching over lovers and other riffraff. (836 6111, CC 836 1171).

Misalliance (Barbican): Rarely seen Shaw, and a much underrated play, given the full RSC works by John Caird, a Polish new woman crashing into the surrey conservatory in her monoplane. Jane Lapotaire sparkles alongside Brian Cox, Elizabeth Spriggs and newcomer Richard McCabe (628 8795, CC 638 8891).

The Phantom of the Opera (Her Majesty's): Spectacular but emotionally nutritional new musical by Andrew Lloyd Webber emphasising the romance in Leroux's 1911 novel. Happens in a wonderful Paris Opera ambience designed by Maria Bjornson. Hal Prince's alert, affectionate production contains a superb central performance by Michael Crawford. A new, meritorious and palpable hit. (839 2244, CC 379 6131/240 7200).

Woman in Mind (Vaudeville): Alan Ayckbourn's new comedy has a brilliant performance by Julia McKenzie as a dissatisfied housewife visited on her own garden lawn by an imaginary ideal family. Bleak but funny, hailed in some quarters as vanguard feminist drama; be not put off by that. (836 9987/5645).

Starlight Express (Apollo Victoria): Andrew Lloyd Webber's rollerskating folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rushing around. Disneyland, Star Wars and Cats are all influences. Pastiche score nods towards rock, country and hot gospel. No child is known to have asked for his money back. (834 6184).

42nd Street (Drury Lane): No British equivelent has been found for New York's Jerry Orbach, but David Merrick's tap-dancing extravaganza has been rapturously received. (836 8108).

The House of Bernarda Alba (Globe): Lorca's last tragedy in a successful production transferred to the West End from Hammersmith. Nuria Espert, veteran Spanisch actress/director, has drilled a high-calibre cast led by Glenda Jackson and Joan Plowright into a near-authentic portrayal of steam frustration in an all-female household oppressed by both traditional catholicism and the peasant class system. Ultimately it's all a bit British, but the company provides a roll-call of some of the best actresses around – all eclipsed by the ineffably touching Julie Legrand. (437 1592).

SPAIN

Madrid, Where Is The Party by Dutch group Pigeon Drop. A series of sketches and gags by three actors and three musicians. A sort of pantomime, musical, cabaret show. Teatro Martin, Santa Brigida 3 (222 93 52), until end of March.

NEW YORK

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T.S. Elliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

La Cage aux Folles (Palace): With some tuneful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to capture the feel of the sweet and hilarious original between high-kicking and gaudy chorus numbers. (757 2626).

Big River (O'Neill): Roger Miller's music rescues this sedentary version of Huck Finn's adventures down the Mississippi, which walked off with many 1985 Tony awards almost by default. (246 0220).

The Mystery of Edwin Drood (Imperial): Rupert Holme's Tony-winning resurrection of the unfinished Dickens classic is an ingenious musical with music-hall tunes where the audience picks an ending. (239 6200).

CHICAGO

Pump Boys and Dinettes (Apollo Center): Facetious look at country music and down-home country life with a good beat and some memorable songs, especially one played on kitchen utensils has proved to be a durable Chicago hit. (935 6100).

WASHINGTON

Glengarry Glen Ross (Arena): David Mamet's cutthroat real-estate salesmen show off one aspect of the soft underbelly of American capitalism in its bastion of political support. Ends March 8. (488 3300).

Exhibitions

ITALY

Rome: two exhibitions at Palazzo Braschi (Piazza san Pantaleo): Parigi Fantastica e Romantica – etchings by Charles Meryon (1821–1868): a meticulously detailed, but lugubrious series of etchings of his beloved city, showing its decidedly unsmiling face. The Furniture of the Great Designers: beautifully-made reproductions of modern movement furniture by Le Corbusier, Charles Mackintosh, Walter Gropius, Frank Lloyd Wright, Ludwig van der Rohe, beautifully made by the northern Italian firm of Cassina. Both end March 1.

Florence: Palazzo Pitti: The theatrical costumier Umberto Tirelli's fine collection of costumes dating from the eighteenth century to the present recently donated to the Pitti's Museum of Costume, particularly striking are the gorgeously embroidered men's jackets from the 1700s. Also includes a section of the costumes made in the Tirelli workshops for productions by Luchino Visconti, Luca Ronconi, Franco Zeffirelli and Pier Paolo Pasolini with photographs taken on stage. Ends March 8.

Florence: Palazzo Pitti: Andrea del Sarto (1486–1530): Highly enjoyable chronological survey (including frescoes, oils and drawings) to mark the 5th centenary of the artist's birth ends March 1.

Rome: Galleria Nazionale di Arte Antica: (Palazzo Barberini, via delle Quattro Fontane): Works by Caravaggio, normally spread throughout various museums and churches in Rome (mainly from the Villa Borghese, which houses the largest number) with a handful of paintings of doubtful attribution. Ends Feb 28.

Venice: Palazzo Ducale: China In Venice: Chinese Civilisation from the Han Dynasty to Marco Polo (25–1279 AD): 150 objects, including silks, brocades, jewellery, terracotta figures, glass and porcelain lent by the Peking Museum. Many result from recent excavation, and most have never been out of China. The exhibition covers the main period of Chinese art, and the objects found in tombs, buried with the owner for his use in the hereafter, shed a fascinating light on life in the period. Ends March 1987.

PARIS

Japon des Avant-Gardes: A multi-disciplinary exhibition of some 500 objects retraces the 1910-70 period in painting, architecture and technology and is completed by a musical, theatrical and cinematographical programme. The influence of Japanese art on Western culture is well-known, the European inspiration of modern creativity in the Land of the Rising Sun much less so. The exhibition shows the tensions and contradictions of artists trying to absorb futurism, Dadaism and surrealism, movements so alien to their own ancestral traditions. Centre Georges Pompidou. Closed Tue, Ends March 2 (4277 1233).

Miniature furniture of the Vendeuvre collection, normally housed in the Château Vendeuvre in Calvados on view in the Louvre des Antiquaires. Some of the exhibits were samples of journeymen's skill, others reduced-scale models to tempt some royal client, others elaborate dollshouse furnishings or expressions of religious fervour. There is something especially appealing in the small dimensions of a 17th century cupboard in turned wood, of an Italian 18th century chest-of-drawers inlaid with ebony, ivory and tortoise-shell and an Empire armchair in mahagony decorated with bronze laurel-leaves. Louvre des Antiquaires, 2 Place Palais Royal, open Tue to Sun, ends March 1 (4297 2700).

Rembrandt: The exhibition of 341 engravings is exceptional for the proofs showing the stages of Rembrandt's creative process and its imaginative presentation. Landscapes, genre scenes, portraits and autoportraits and biblical scenes testify to the diversity of inspiration and the technical mastery of the painter who was the first to consider engraving as a autonomous artistic expression. Bibliotheque Nationale, 58, Rue Richelieu. Ends May 3 (4703 8126).

Kokoschka: The importance of Kokoschka in the artistic movements of his times, revealed in last year's successful Vienna, The Birth Of A Century, is confirmed by this exhibition of some 80 drawings, water colours and lithographs. It explains why the artist, derided by the aristocracy and haute bourgeoisie because of his tormented, mercilessly soul-exploring portaits, left Vienna for Germany to become one of the founders of expressionism. Centre Georges Pompidou, Closed Tue, Ends March 22 (42771233)

SPAIN

Barcelona, Edvard Munch (1863-1944): 165 lithos, drawings and his influential graphics of his large output period. Emphasis is his preoccupation with themes of life and death (friezes of life). Fundacion la Caixa, Passeig San Joan 103. Ends March 22.

Madrid, Ben Nicholson (1894-1982): English abstract painter who kept to his idioms with remarkable constancy. His paintings and reliefs are *geometrically inspired and derive* from the austerer forms of cubism. His abstracts remained unvarying until well after the Second World War, producing monochrome reliefs that relied for their effect on the interplay of finely related surfaces. Sixty-six works on loan by the Tate Gallery, the Moma and Guggenheim, the Kunsthaus and Phillips collection, mostly from 1919-1981. Fundacion Juan March, Castello 77. Ends March 29.

Madrid, Jasper Johns retrospective. Born in 1930, this North American artist, with Rauschenberg, was one of the originators of pop art influencing the course of art for many decades, 100 pieces: paintings, collages, assemblages of objects, plastic, metal and bronze can be seen. Centro de Arte Reina Sofia Santa Isabel 52. Ends April 5.

Madrid. Nine contemporary French artists: drawings, sculptures) murals. MEAC, Museo Espanol de Arte Contemporaneo, Paseo Juan Herrera. Ends March 22.

Madrid. Portuguese Contemporary Art. 150 works on loan by the Gulbenkian Foundation in Lisbon, include Vianna, Amadeo Sousa Cardoso, Almada and Vieira de Silva. Also at the MEAC, Museo Espanol de Arte Contemporaneo, Paseo Juan Herrera. Ends March 15.

Madrid, Gilbert and George. British Artists exhibit spectacular murals defined as living sculptures demonstrating daily life. Palacio de Velazquez, Retiro Park. Ends Mar 29.

Madrid, Italians 1950–1986. 47 Italian artists of the period show 56 works. Centuro Cultural de la Villa de Madrid, Plaza del Descubrimiento, Ends March 15.

Madrid, Agustin Ibarrola. Retrospective of Basque artists work, totals 1,000 exhibits: drawings, engravings, oil paintings, cardboards, woodwork of 1950–87. A mural weighting 20 tons and 200 railway tracks carefully and worked on show at the Retiro Park, Palacio de Cristal. Ends April.

Madrid, Art And Its Double. A New York Perspektive. 15 New York City artists chosen by art critic Dan Cameron, gives a perspective of latest trends in the US. Fundacion la Caixa, Serrano 60. Ends March 22.

WEST GERMANY

Berlin, Nationalgalerie, Potsdamer Straße 50: Toulouse-Lautrec. All his graphic works, from 1864 to 1901 with more than 380 posters and drawings on show. (Ends March 3)

Tübingen, Kunsthalle Philosophenweg 76: Toulouse-Lautrec. A retrospective of 130 paintings and picture studies by Henri de Toulouse-Lautrec (1864-1901). Ends March 15.

Hannover, Sprengel Museum Kurt-Schwitters-Platz: Pablo Picasso, the exhibition is the most complete display of Picasso's works seen in Germany, showing the 417 pieces donated in 1969 by the industrialist Bernhard Sprengel. Sprengel, who died last year, was Germany's leading collector of Picasso's works. The exhibition, with 400 graphic art prints and 17 oil paintings covers the artist's complete artistic range from 1904 to 1968, spanning cubism, classicism and surrealism, as well as Picasso's most recent works. Ends Mar 15.

Munich, Lenbachhaus, Luisenstrasse 33: Franz von Lenbach (1836-1904). The painter had himself built a Palast in the Italian renaissance style, finished in 1891. His widow then sold it to Munich in 1925. To mark the 150 anniversary of his birth, the Lenbach Villa will be redecorated with the original furniture and paintings of the artist. The exhibition displays 180 pictures and paintings in several rooms. Lenbach, celebrated above all for his portraits, studied at the academy for arts in Munich under Karl von Piloty. Ends March 29.

NEW YORK

Museum of Modern Art: The first major retrospective in two decades of Paul Klee includes 250 paintings and waatercolours and 50 drawings and prints, some by arrangement with the Klee Foundation in Bern which has rarely lent them (including large-format paintings from his later life). Ends May 5.

Cooper-Hewitt Museum: The design wing of the Smithsonian housed in Andrew Carnegie's Fifth Avenue mansion, features a special show on folding fans. Organized by textile conservator, Lucy Commoner, the fans reflected the fashions of the times during their heyday from the 17th to early 20th centuries, as demonstrated in the 60 pieces of various shapes and designs. Ends May 31. (91st & 5th Ave).

Pierpont Morgan Library: Young Queen Victoria, an exhibit of autograph manuscripts, letters, drawings and other memoribilia commemorate the 150th anniversary of the queen's accession to the throne. Ends April 12.

Metropolitan Museum: 90 paintings from the end of Van Gogh's life are the focus of this second of a two-part show of the prolific artist at Saint-Remy and Auvers. The Starry Night and Cypresses come from this period working first in an asylum in Saint-Remy and then in Auvers, where he committed suicide in July 1890. Ends March 22.

Museum of Modern Art: The 1985 Grand Palais exhibit of Lartigue's 1920s photographs starts its American tour showing the evocative panoramas and fleeting moments on the streets of Paris between the wars. Ends March 24.

Metropolitan Museum of Art: The Prints of Pieter Bruegel with over 65 works consists primarily of engravings made in Antwerp in the 1560s after Bruegel paintings, but also includes the only woodblock with a Bruegel drawing on it. Ends March 15.

WASHINGTON

National Gallery (West Bldg): The Age of Sultan Suleyman the Magnificent explores the height of art and technical development during the Ottoman Empire in 210 16th century manuscripts, silver, gems, kaftans and ceramics. Ends May 17.

CHICAGO

Art Institute: A retrospective of more than 150 of John Singer Sargent's paintings, watercolours and drawings provides the first major overview of the artist's work in 60 years, with many of his famous full-length portraits, along with landscapes and informal drawings. Ends April 19.

Art Institute: The art of Italian Renaissance armourers, with suits embossed with Greek and Roman deities and fantastic creatures of the artists' imagination, is on display in a special exhibit of French king Henry II's armour borrowed from Hever Castle. Ends Mar 1.

Opera and Ballet

PARIS

L'Elisir d'Amore alternates with Prokofiev's Cinderella produced and choreographed by Rudolf Nureyev who transposes the story into the world of Hollywood with the two ugly sisters wanting to become film actresses while the leading actor pays attention only to the modest girl he *turns into a star.* Paris Opera (42665022).

WEST GERMANY

Berlin, Deutsche Oper: Die verkaufte Braut features Lucy Peacock, Kaja Borris and Peter Seiffert. Die Macht des Schicksals, a Hans Neuenfels production, has Julia Varady, George Fortune and Giorgio Merighi. Die lustigen Weiber von Windsor rounds off the week.

Hamburg, Staatsoper: Walter Raffeiner is repeating his much praised performance in the title role in Belsazar. La Traviata, sung in Italian, has fine interpretations by Eugenia Moldeveanu, Giorgio Zacanaro and Peter Haage. Hans-Jürgen von Bose's Die Leiden des jungen Werthers will have its premiere this week. In the main parts are François Le Roux, Hildegard Hartwig and Albert Dohmen. Also offered Zar und Zimmermann.

Frankfurt, Opera: La Bohème, conducted by Guiseppe Patané, has Giacomo Aragall as Rudolfo. Falstaff is steered to triumph by Louis Quilico in the title role. Don Giovanni brings Helena Doese, Norma Sharp and Alejandro Ramirez together. Le Nozze die Figaro has Tom Fox in the title role, with Anny Schlemm and Wolfgang Schöne.

Stuttgart, Württembergisches Staatstheater: Cav and Pag takes the leads Waltraut Meier, Julia Conwell and Carlo Cossutta. The week also features Madame Butterfly and Don *Giovanni.*

BRUSSELS

Cirque Royal National Opera with Macbeth conducted by Michael Schonwandt with Sylvia Sass and Franz Grundheber (218 2015).

ITALY

Rome: Teatro dell'Opera: L'Italiana in Algeri with Colombian mezzo soprano. Martha Senn in the role of Isabella. Also in the cast are Ruggero Raimondi and Domenico Trimarchi. Jean-Pierre Ponnelle directs, and the opera is conducted by the young Alessandro Siciliani. Giuseppe Patane conducts Macbeth, with Renato Bruson in the title role, and Shirley Verrett as Lady Macbeth in a new production by Giorgio Pressburger with scenery and costumes by Maurizio Balo. (461755).

Turin: Teatro Regio: Aida directed by Gianfranco de Bosio and conducted by Nello Santi with Fiorenza Cossotto, Maria Chiara and Veriano Luchetti. (548 000).

Bologna: Teatro Comunale: Luca Ronconi directs Strauss's Capriccio, translated into Italian by Fedele d'Amico. Raina Kabaivanska leads a cast which includes Adelina Scarabelli, William Matteuzzi and Pietro Ballo, conducted by Ralf Weikert. (529999).

Genoa: Teatro Margherita: Alceste by Gluck directed by Virginio Puecher and conducted by Daniel Oren, with scenery and costumes by the sculptor Arnaldo Pomodoro. Katia Ricciarelli sings the title role, and the cast includes Maurizio Frusoni, Luca Canonici and Alessandro Corbelli. (589329).

Trieste: Teatro Comunale Giuseppe Verdi: Puccini's Le Villi and Gianni Schicchi, conducted by Tiziano Severini and directed by Filippo Crivelli. (631948).

NETHERLANDS

Amsterdam, Muziektheater. The National Ballet with Before Nightfall (Christe/Martinu), Like Orpheus (Van Schayk/Stravinsky/Gluck) and a new ballet by Jan Linkens to music by Martinu (Wed. matinee). Premiere of the Netherlands Opera production of Der Rosenkavalier by Richard Strauss directed by John Cox. Hartmut Hanechen conducting the Rotterdam Philharmonic, with Rachel Yakar, John Tomlinson, Susan Quittmeyer and Derek Hammond Stroud (Thur). (255455).

SPAIN

Barcelona, Adriana Lecouvreur with Mirella Freni, Florenza Cossotto, Ermanno Mauro, Enric Serra and Piero di Palma. Orchestra conducted by Roberto Abbado. Gran Teatre del Liceu, Sant Pau 1. (3016787) (Mon and Thur).

VIENNA

Staatsoper; Elektra conducted by Hollreiser with Ludwig, Reppel, Jones, Simonida, Lotte Rysanek, Idomineo conducted by Harnoncourt with Ziegler, McLaughlin, Murphy, Schreier; La Traviata conducted by Plasson with Gruberova, Sima, Araiza (51444/2655).

Volksoper Der Opernball; Das Land des Lächelns conducted by Bibl; Die Zauberflöte conducted by Bauer-Theussl; Ein Walzertraum conducted by Schenk (51444/3657).

NEW YORK

Metropolitan Opera (Opera House): The week features the first seasonal performance of Boris Godunov conducted by James Conlon in August Everding's production with Stefka Mineva, Martti Talvela, Paul Plishka and Sergei Koptchak. It joins the repertory of Carmen conducted by James Levine in Sir Peter Hall's production with Agnes Baltsa, Gabriela Benackova and Samuel Ramey, and Manon conducted by Manuel Rosenthal in Jean-Pierre Ponnelle's production with Catherine Malfitano, Neil Shicoff, David Holloway and Spiro Malas. Lincoln Center (326 6000).

WASHINGTON

The Mikado (Opera House): The well-received Stratford Ontario production directed by Brian Macdonald has already played the Old Vic and New York. Ends Mar 29. Kennedy Center (254 3770).

Continued on Page 17

THE ARTS

Cinema/Nigel Andrews

Cast onto an island of illusion

Castaway directed by Nicolas Roeg
Coming up Roses directed by Stephen Bayly
Soul Man directed by Steve Miner

Amanda Donohoe and Oliver Reed in "Castaway"

When cast away on a desert *island and allowed to take one* luxury with you, my advice is to take Nicolas Roeg. The British cinema's ace storyteller who always refuses to do the expected, will keep you enthralled and surprised. In *Castaway* he is at it again. Aided by screenwriter Allan Scott (who scripted Roeg's *Don't Look Now*), he has taken Lucy Irvine's desert island bestseller and broken it into a thousand scintillating pieces with a club-hammer. He has then rearranged them in a Roeg movie mosaic as vividly nonconformist as *Performance* or *The Man Who Fell To Earth* or *Eureka.*

I never could finish Miss Irvine's *account of her* adventures in the South Seas with "G," the man who advertised for a desert island companion/wife, found and married Miss Irvine and then had to suffer through 12 months of her playing *hard to get. No, impossible* to get. Once on Tuin Island, the good lady not only refused the attentions of "G" (alias Gerald Kingsland), she then got snappish with him for lazing around the island not doing things at her own breakneck yuppy pace.

No wonder Roeg has jettisoned most of the book's apparent central concerns—its natural history lessons and guide-to-survival course — in favour of its electrifyingly appalling domestic subtext. For him *Castaway* is 20 years of marriage concentrated into one year: a round-the-clock togetherness sentence in which neither partner can escape the other's presence and yet neither partner can fully plumb the other's mysteries. Roeg, a modern Prospero at his cinematic console, throws them onto an island of wonderful beauty, then confounds us by turning off the switch marked serenity and turning on the switches marked illusion and disorientation.

In a world of Roeg-ian *trompe l'oeil*, the only constant is itself an illusion. The unvaryingly well-nourished physiques of Oliver Reed's Gerald and Amanda Donohoe's Lucy—he is a burly beast, she a curvaceous beauty—become the illusory *immutables we all live with in* life partnerships, when change is too slow to perceive until it is too late to do anything about. Roeg only pricks the illusion in a few brief hallucinatory flashes, when "doubles" are *used to display the reality of* crinkled skin and caved-in stomachs.

The movie's triumph is to plunge us, via kaleidoscope visuals and elliptical story-telling, into new worlds of *symbolism and dream.* A single, apparently irrational, sequence of shots can have a mischievous and dynamic logic. Gerald's fist thrown in anger against the sky during a quarrel with Lucy; the fist *falling out of shot to reveal a* fist-like rock in the sea; then the camera diving into the sea and hurtling through its depths, just ahead in its path a giant shark. In a movie shorthand worthy of a Japanese *haiku, Roeg gives us here a man's* libido and aggression first crystallised in a moment of passion, then thrust self-repressingly into his subconscious depths. (The joke on Gerald's male pride is that *Lucy's fishing line then hooks* what seems to be this very giant shark, but when hauled on shore *it* proves to be a modest two-footer.)

For all its imagistic density, *Castaway* is never ponderous and often funny. Reed is a Falstaffian presence, splendidly alike in uproar and self-pity. And Donohoe is a plucky toughie clearly capable both of survival and of maintaining the *determined double standards of* Miss Irvine (a woman who can spend 12 months saying no to her husband and then plaster herself nude over a best-selling book-jacket).

But the real star is Roeg. He *has now been* 30-odd *years in* the directing business, long enough to familiarise himself with all the rules and then, like any true artist, to throw them all away. The British cinema should be proud of him.

■

Deep in a Welsh valley a mad anthropologist, played by the young Michael Gough, is having trouble with his gorilla and his experiments. "The countless lonely hours I spent in Uganda!" he anguishes to a friend. Then the gorilla comes out from behind a cabinet and strangles the friend.

This old British horror film is all *in a day's work for Trevor* the projectionist. Or it has been for many years, but now his cinema, the Rex, is about to join the death row of Welsh movie palaces glimpsed crumb*ling, condemned or Bingo-ised* behind the credit titles in Stephen Bayly's *Coming Up Roses.* A Welsh-style *Last Picture Show* (with subtitles), Bayly's engaging comedy rhymes the decline of the picture palace *era with the general crisis of* morale in the unemployment-ridden mining valleys.

Trevor (Dafydd Hywel) is a mournful, walrus-like Welshman whose moustache twitches in joy only when he takes supreme command, each matinee and evening, in his projection room. Threatened with career closure, he scrabbles together an initiative for holding the property speculators at bay. The usherette (Iola Gregory) also rallies round, followed by a small army of friends and soon plans start "mushrooming" as an illicit market gardening scheme takes over the stalls and circle, behind the Rex's padlocked doors.

The film is funny without frenzy and winning without being winsome. Bayly and screenwriter Ruth Carter mine a rich vein of comedy-of-chagrin: the little old lady who keeps *stopping at the Rex to* use the loo, the landlord's son whose nightly drum practice shakes Trevor's bedroom wall. And in a land where coalmines are closing more momentously than *cinemas, few will miss the rue*ful irony in a bootleg mushroom-farming scheme which has the hero and his fellow conspirators walking around the darkened cinema with miners' lamps tending the rows of bucketed *fungi.*

■

The entire cast of characters in *Soul Man* would be improved by a spot of mushroom-farming in a Welsh valley. Californian teenager C. Thomas Howell can *only pay his way through Har*vard Law School by winning a special scholarship for black students. So he dons blackface and an Afro wig. Soon chortlesome complications arise. He falls in love with a black student *(Rae Dawn Chong)* and wins the respect of a black Professor (James Earl Jones), while all the while realising that he must eventually disabuse them.

There are funny moments, especially when his parents turn up and are agog at the colour change But one walks in fear and apprehension that a moral lesson about what-it-is-like - to - be - black - in - a white-society is just around the corner. (It is). And one is deeply sceptical that anyone could take Mr Howell for a black anyway. He tends more to resemble Elliott Gould after an accident in a coal cellar.

Who's Afraid of Virginia Woolf?/Young Vic

Martin Hoyle

Edward Albee's preying mantises are back, mating and devouring at the Young Vic. Shelagh Keegan's set in the round provides us with a gladiatorial arena in which those about to die salute us *with wit, venom* and a vulnerable humanity. David Thacker's production is robust rather than subtle: in this limited space he could have shaded pauses and reactions more finely; but the superbly funny piece skates *exquisitely over the pain,* complexity and terrible mystery of how to survive relationships too close to bear, too intimate to break. For two acts this is a great play.

The third act stands out ever more clearly as an uneasy resolution to the tangle woven in the alcoholic small hours by the dissonant chamber quartet. The style is more formal, the utterances verge on the banal. "I cry all the time," admits monstrous Martha; "but deep inside where none can see." Together with her confession that vilified George, her despised husband, is the only man who has ever made her happy, the statement belongs to a more conventional play. And if J. M. Barrie *had* been a visiting campus professor, one feels, he might well have preferred the fantasy of freezing tears in the ice-tray and putting them in the drinks to that of a fairy being born every time a baby laughs.

That ultimate revelation, and destruction, of George and Martha's dream-child, their fantasy son, skirting melodrama as it does, can prompt a director to opt for either the cathartic or the cyclical ultimate curtain. Do these Peter Pans grow up? Has contact with reality been established? Or (as in the more disturbing productions) will the whole elaborate game, with its unwritten rules and in-fighting, begin all *over again? Here we* have a more or less happy ending as Patrick Stewart's George grows marvellously in tenderness and Billie Whitelaw's Martha is a sobbing child longing for comfort.

Both players are at their finest here. Miss Whitelaw finds her best form for the lyrical invocation of the ideal childhood that never was. Elsewhere her Martha must be accounted a gallant attempt. Aware that she lacks the sheer bulk of ginswigging middle age, the actress speaks with a hollow boom that merely sounds boyish. Slim, attractive and patently intelligent, there is nothing of the physical grossness that the character should at least hint at. *The only vulgarity in this* Martha is in the accent that occasionally takes on a Brooklyn twang.

Conversely Mr Stewart is no shambling pedant with a deadly line in dry throwaway. He is *more openly aggressive* than quietly devastatingly ironic; and reaches a peak of moving honesty in the Act 2 dialogue with his wife where the sheer despair at an apparently irredeemable relationship rings with honesty and anguish. As George points out, those who cannot bear the present either contemplate the past or try to change the future; Mr Stewart makes the third course, escape up the cul de sac of fantasy, almost tragic.

The hapless guests caught up in this emotional *huis clos* are Saskia Reeves (Honey) and Matthew Marsh, horribly convincing as Nick, the career-minded *übermensch.* At over three and a half hours the even*ing is long, but for most of the* time hilarious and chilling. "You've gotta have swine to show you where the truffles are," right enough. The truffles are still rich, and the swine have a good nose for pearls as well.

Alastair Muir

Billie Whitelaw and Matthew Marsh

Consort of Musicke/Wigmore Hall

Richard Fairman

The Italian composer Carlo Gesualdo is not the splendid isolationist he is often made out to be. Throughout Italy, in particular, a large number of composers *wrote in a similar* chromatic style and their music spread by way of the courts in the north to Copenhagen, Hamburg and London. Some partbooks of Gesualdo were brought in a chest to London by no less a person than John Milton.

A complex web of influences between schools of composing can be spun. In making up a programme for the Consort of Musicke's recital at the Wigmore Hall on Wednesday, their director Anthony Rooley said he enjoyed himself immensely. It is easy to see why: the extravagances of this music, its harmonic daring, its bizarre picturesque effects, all combine to provide a programme planner's delight.

A key point in Rooley's selection was to put different settings *of the same texts side by side.* Nenna and Gesualdo both set the text "Merce grido piangendo," but with what a difference: in the Nenna, the music sets its most striking turns of harmony against a standard, diatonic background, but Gesualdo draws us into unknown territory where no chord or clash of notes any longer seems safe.

The last line of that madrigal —"Io moro"—tingles with *dangerous, sensuous pleasure.* Emma Kirkby gave it a delicious downward portamento that sealed the carefully-judged emotive appeal of the Consort of Musicke's singing. The present combination of voices in this group may not be equal in quality, but with Kirkby at her most radiantly pure on top *and Alan Ewing providing a* warm, cultivated bass line, the important outer lines are well held.

The programme certainly showed the group's versatility. They have the agility for Mazzochi's "Pian piano" and brought a fine, passionate thrust to "If Heaven's just Wrath" by John Ward, digging into the extraordinary chromatic dissonances that mark the most emotive phrases. As a small extra, Anthony Rooley added a couple of lute solos by Huwett and Dowland, just as much a culmination of the cromatic style in their own way.

Xenakis & Ligeti/Festival Hall

Max Loppert

Of Iannis Xenakis' prodigious output there remains much music, new and recent, not yet heard in this country. But lately there seems to be a determined effort on the part of various London bodies to clear the backlog—and, as usual in such movements, the BBC is taking a significant role. The British premiere on Wednesday of *Nekuia* (1981) by the BBC Symphony Orchestra and Singers under Peter Eötvös introduced us to a substantial sample of the composer's recent manner—big, highly coloured, with taking simplicities of gesture and sound-invention to capture the attention.

Nekuia is the 11th book of the *Odyssey.* The title is apparently borrowed to denote not specific content but an imaginative range, for Xenakis' sound world is defined in bold, highly formalised and assorted patterns that add up (in the words of Paul Griffiths' programme note) to a "'26 minute Book of the Dead'" (a half-hour on Wednesday, actually). Poetic quotations from Françoise Xenakis and Jean-Paul Richter, embedded in the choral fabric, touch on processes of death and decay amid the working of natural forces.

The cleanly severe solemnity and high, antique colour of the various musical sections (such as the opening announcement, a quasi-modal melody sharply incised) call up appropriate associations. On another level, however, *Nekuia* can be heard to function as a brilliantly effective concerto for orchestra and chorus, with profuse varieties and combinations of instruments and voices, with dramatic contrast of registers and timbres. It has struck me before, and it struck me once again on Wednesday, that the most remarkable feature of so much Xanakis is its complexity of manufacture and its superficiality of impact: surface is all, and immediately appreciable.

In the second choral item of a stimulating, well-prepared, confidently turned (and well-attended) concert, the BBC Singers were joined by their larger counterpart, the BBC Symphony Chorus, and by Sarah Leonard and Sarah Walker as exquisitely accurate soloists. Ligeti's Requiem, a work of the mid-60s that badly needed revival, emerged in full dress as a quintessential expression of the composer's world-view — manic, gripping, absurd, and in a strangely moving way profoundly musical. Between Xenakis and Ligeti, Eötvös and the orchestra returned to Bartok's neglected Four Orchestral Pieces, Op. 12. They had performed these wonderfully intense four movements too timidly and stiffly at the 1986 Proms; on Wednesday there was a lot more "go," but still more was needed.

Samul Nori/Logan Hall

David Murray

Samul Nori is one of the more exotic offerings on the Contemporary Music Network, for which the group is billed — with perfect rectitude — as "Korean Master Drummers". They also dance, acrobatically. *Though the programme-book* offers detailed notes by a social anthropologist, this isn't a plain ethnic exercise, but a sharp professional show, at least as much contemporary as folkish.

There are four drummers, and for much of the programme each belabours a different instrument: there is a vicious little gong called a *kkwaenggwari* (the name was said to be onomatopoeic, but I wasn't sure about that), a larger solemn one, a hefty hourglass-drum and a basic barrel-drum. In the first half an invocation-piece is succeeded by a virtuosos hullabaloo for four hourglass-drums, and then — with the mixed battery again — a still *more elaborate sequence* with chanting. In the second there is dancing throughout. They whirl like dervishes, and though their hands are busy with their instruments they somehow control long streamers *from* their hats, cutting the air with Oriental curves.

Although Samul Nori starts from traditional rhythmic patterns, some of them quite complex already, what develops from them clearly goes far beyond anything *likely* to be heard in a Korean village. The precision and unanimity of the playing, as different cycles and tricks of syncopation follow in profusion, is exciting, and as the noise-level rises the music takes on a palpable weight and density of its own — as if the players are merely assisting it. It becomes very loud indeed, but it's clean, vital noise: no amplification, no electronic buzz. Quite a tonic, and *sui generis.*

Shakespeare at the Old Vic

The English Shakespeare Company, formed last year by Michael Bogdanov and Michael Pennington, is to bring *Henry IV*, parts 1 and 2 and *Henry V* to the Old Vic for a seven-week season from March 16.

Michael Bogdanov directs all three plays.

Saleroom/Antony Thorncroft

Constable draws record

As expected Sotheby's sale of the drawings and watercolours collected by the late Sir John and Lady Witt did very well yesterday with a morning total of £485,375, and only 3 per cent unsold. The highlight was the record price of £62,700 paid by the dealer Agnew for a Constable drawing, an 1818 sketch of East Bergholt Church in Suffolk which also depicts the tomb of his parents.

The only disappointment was *Thomas Girtin's view of Hereford* Cathedral which was bought in at £14,000: it was rather faded. Another London dealer, Anthony Reed, paid £37,400 for a Constable drawing of the view of Glaramara in Borrowdale, captured in 1806.

A Burne-Jones drawing, "Chant d'amour," depicting an Arthurian knight gazing longingly at a maiden playing the virginals, of which the final version, in oils, is in the New *York Met,* was bought by another London dealer, Julian Hartnoll, for £26,400, rather disappointingly on target: it is regarded as one of the finest Pre-Raphaelite drawings to have appeared on the market for some time.

A private British collector, bidding on the phone, acquired a watercolour by William Henry Hunt of a pretty young girl reading a letter by candlelight for £25,300, as against the £5,000 top estimate. It was a record for Hunt, whose work was much appreciated by Sir John Witt: he wrote the definitive book on the artist. The same buyer paid £15,400 for a distant view of the citadel at Corfu by Edward Lear.

A New York dealer, D. Nissinson, bid £25,300 for a Gainsborough wooded landscape with herdsmen and a cow, which Sir John bought for 20 shillings when an undergraduate at Oxford 60 years ago. Most of this superb collection, amassed when watercolours and drawings were an under-appreciated and under-researched sector, did very well. In recognition of Sir John's contribution to the arts the *National Arts Collection Fund* paid £2,970, bidding through Leggatt, for a grey wash over pencil by John Sell Cotman of the tower of Arkinlow which will be presented to the Courtauld Institute as a memorial. It was Sir John's father, Sir Robert, who left his unrivalled photographic library of European pictures to the Courtauld.

Among the Old Masters in the afternoon session "The Annunciation" by Tibaldi sold, on target, for £6,380 while the head of a horse by Francesco Salviati exceeded its estimate fivefold, making £3,960. A Pariglanino drawing of the head of a youth more than doubled its estimate at £19,800.

Bellini for Oxford

A painting by the 15th century Italian artist Bellini of the *Madonna and Child*, which had belonged to the late Lord Clark, has been acquired by the Ashmolean Museum in Oxford under the in lieu of tax formula. The saving is put at £725,000.

The Ashmolean had been bequeathed the painting in Lord Clark's will but he failed to make any provision for death taxes, and, as a result, his heirs were under some burden. The Ashmolean persuaded the Treasury that it would waive its claim to the picture, enabling it to be put up by the beneficiaries of Lord Clark for sale to the nation under the "in lieu" provisions. It was accepted and has been put out on loan — to the Ashmolean.

Arts Week

Continued from Page 16

Music

VIENNA

Franz Schubert Quartet. Haydn, Uhl, Brahms. Musikverein Brahms Saal (Mon).

Elisabeth Leonskaja, piano. Schumann, Schubert, Chopin. Musikverein. (Tue).

Vienna Symphony Orchestra conducted by Dmitri Kitaenko with Vladimir Krainjev, piano. Shostakovich, Prokofiev, Tchaikovsky. Musikverein. (Wed and Thur).

David Owen Norris, piano. Bax, Poulenc, Tippett. Boesendorfer Saal (656851). (Wed).

ORF (State Broadcasting) Symphony Orchestra conducted by Zdenek Koslar. Dvorak, Suk, Martinu. Konzerthaus (721211). (Thur).

NETHERLANDS

Amsterdam, Concertgebouw. The Netherlands Philharmonic conducted by Thomas Sanderling, with Nelly Skolnikova, violin: Beethoven, Shostakovich (Tue). Charles Dutoit conducting the Concertgebouw Orchestra, with vocalists and choir: Berlioz (Wed, Thur). Recital Hall: The Raphael Quartet: Dutch chamber music (Mon). Michael Ponti, piano, Robert Zimansky, violin, and Jan Polasek, cello: Haydn, Saint-Saens, Tchaikovsky (Wed). (718345).

Rotterdam, Doelen. The Netherlands Philharmonic Chamber Ensemble under Istvan Parkanyi, violin, with Matthias Maurer, viola: Mozart, Barber, Haydn, Bacewicz (Mon). Vladimir Spivakov, violin: Mozart, Shostakovich, Tchaikovsky (Tue). Recital Hall: Quatuor Via Nova: Mozart, Ligeti, Brahms (Tue). Robert Holl, bass, accompanied by Oleg Maisenberg: Schubert (Wed). (4142911).

Utrecht, Vredenburg. The Netherlands Philharmonic conducted by Thomas Sanderling, with Nelly Skolnikova, violin: Beethoven, Shostakovich (Mon). The Radio Symphony Orchestra conducted by Lior Shambadal, with Hugh Tinney, piano: Macias, Mozart, Berlioz (Thur). (314544).

Heerlen, Schouwburg. Charles Dutoit conducting the Concertgebouw Orchestra, with vocalists and choir: Roussel, Berlioz (Mon). (716667).

Nijmegen, Vereeniging. The Netherlands Bach Society and soloists conducted by Jos van Veldhoven: Telemann (221100).

Groningen, Oosterpoort. Viktor Liberman, violin, and Alexander Warenberg, piano: Beethoven (Thur). (131044).

PARIS

Rudolf Serkin recital (Mon). Salle Pleyel (45630796)

Ensemble Orchestral de Paris conducted by Jean-Pierre Wallez, Maurice Andre, trumpet: Handel, Vivaldi, Bach (Tue). Salle Pleyel (45630796)

Acousmatic Cycle: INA, musical research group (Tue, Wed), both at 8.30 pm and 8.30 pm at Radio France, auditorium 105, Free (45241516)

Jazz Bivouac (Wed) 8.30 pm Radio France, auditorium 106, Free (45241516)

Orchestre de Paris conducted by Daniel Barenboim, Isaac Stern, violin: Dutilleux, Schubert (Wed, Thur). Salle Pleyel (45630796)

LONDON

London Philharmonic and London Philharmonic Choir conducted by Jesus Lopez-Cobos with Peter Donohue, piano. Beethoven. Royal Festival Hall (Mon). (928 3191).

London Mozart Players directed by Takayoshi Wanami, violin. Vivaldi, Bach and Mozart. Queen Elizabeth Hall (Mon). (928 3191).

Philharmonia Orchestra conducted by Janos Furst with Alfred Brendel, piano. Mozart, Haydn and Liszt. Royal Festival Hall (Tue).

BBC Symphony Orchestra conducted by Grant Llewellyn and Andrzej Panufnik. Mozart, Beethoven and Panufnik. Royal Festival Hall (Thur).

NEW YORK

Carnegie Hall, Salzburg Music Oswald Sallaberger conducting, Nadja Salerno-Sonnenberg violin. Vivaldi, Handel, Bach, Mozart, Britten (Mon); Frankfurt Radio Symphony. Eliahu Inbal conducting, Minoura Njima piano. Mozart, Mahler (Wed); Zoltan Kocsis piano recital. Mixed programme (Thur). (2477880)

Chamber Music Society of Lincoln Center (Alice Tully): Charles Wadsworth artistic director, Colin Carr cello. Sinigaglia, Faure, Dvorak, Beethoven (Mon, Tue). Lincoln Center (3621911)

Julliard String Quartet (Kaufmann Hall): Jaime Laredo artistic director, Rudolf Firkusny piano. Mozart, Schumann, Janacek (Tue, Wed). 1395 Lexington Av (8318603)

Merkin Hall (Goodman House): Columbus Brass. Susato, Fux, Bach, Dahl, Previn, Grainger/arr. Price (world premiere), Forsyth, Glenn Lieberman (world premiere) (Mon); Group for Contemporary Music. Judith Bettina soprano, Tobias Picker piano with Times Square Basstet. Babbitt Berg Picker (world premiere), Debussy, Olan, Dallapiccola (Tue); New York Philomusica Robert Johnson artistic director. Mozart, D'Indy, Schubert (Wed); Peter Amstutz piano recital. Schubert, Steve Rush, Chopin, Ravel, Byrd, Debussy, Beethoven (Thur). 67th w. of Broadway (3628719)

New York Philharmonic (Avery Fisher Hall): Maxim Shostakovich conducting, Mstislav Rostropovich cello Penderecki, Haydn, Tchaikovsky (Tue); Leonard Slatkin conducting. Philip Meyers horn. Beethoven, Mahler, Gordon, Jacob, Shostakovich (Thur). Lincoln Center (8742424)

WASHINGTON

National Symphony (Concert Hall). Christopher Hogwood conducting. William Steck violin. All-Mozart programme (Thur). Kennedy Center (2543776)

Kronos Quartet (Terrace): All-Robert Erickson programme (Wed). Kennedy Center (2549895)

CHICAGO

Chicago Symphony (Orchestra Hall). Michael Tilson Thomas conducting, Garrick Ohlsson piano. Wagner, Wuorinen, Bartok (Thur). (4358111).

ITALY

Milan: Teatro Alla Scala: Eugen Jochum conducting Mozart and Beethoven (Mon) (80.91.26).

Rome: Teatro Olimpico (Piazza Gentile da Fabriano). Peter Lukas Graf (Flute) and Bruno Canino (piano and harpsichord). Bach, Handel, Mozart and Prokofiev. (Wed) (393304).

Rome: Teatro Ghione: (via Delle Fornaci, 37) John Kamitsuka, piano, Bach, Beethooven and Chopin (Thur) (6372294).

Rome: The British School at Rome (Via Antonio Gramsci 61): Accademia Chamberorchestra (formed of students from the conservatory of Santa Cecilia). Vivaldi, Mozart, Stamitz and Koussevitzky (Tue) (873424).

Rome: Oratorio del Gonfalone: (Via del Gonfalone 32/A): Virtuoso Ritrovo choir singing early church music (13th to 18th century) (Thur) (68.75.952).

Rome: Auditorium in via Della Concilinzione: Franco Mannino conducting the Santa Cecilia orchestra. Scarlatti/Shostakovich, Mannino and Beethoven (Mon and Tue) (6541044).

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Friday February 20 1987

Brazil falls to populism

BRAZIL APPEARS to be on the brink of announcing a three-month delay on debt repayments. A message of "can't pay now" to foreign bankers—in effect a moratorium—would be likely to be accompanied by austerity measures at home designed to curb the worst inflation in Brazil's recent history.

If Brazil does take unilateral action on debt servicing, the ramifications could be far-reaching. Officials are only too aware that the IMF-sponsored rescue package for Mexico is still not sewn up: many of the small creditors are refusing to participate in new loans. An effective moratorium in Brazil would further unsettle banks and raise the spectre of similar measures by other debtors.

A repayments crisis has been brewing in Brazil since the autumn of 1986 when it became clear that the "Cruzado" economic adjustment plan had gone badly wrong. The Sarney Government's mistake was to *put politics ahead of economics* and attempt to maintain an artificial price freeze for too long. With wages rising, demand and consumption rose sharply, quickly eroding Brazil's trade surplus which until last August was running at a healthy monthly rate of $1bn. Brazil needs a monthly surplus of at least $800m in order to service its $108bn foreign debt; since October, it has been generating a monthly surplus of between $130m and $210m — not nearly enough.

Small changes

The latest crisis appears to put in jeopardy the breathing space Brazil won at last month's Paris Club talks. Against the odds, Mr Dilson Funaro, the finance minister, managed to persuade Brazil's sovereign debtors to agree a partial rescheduling of debts despite the absence of an IMF austerity programme. Mr Funaro's brinkmanship paid off mainly because Mr James Baker, US Treasury Secretary, became convinced that Brazil must be supported in the short run. However, the rescheduling of 1987 sovereign debt was agreed on the assumption that all arrears would be cleared by June—something which now looks impossible.

Brazil is undoubtedly facing a chronic liquidity problem but it would be wrong to overstate the magnitude of its economic difficulties. The country has abundant natural resources and a vigorous diversified industrial base. The external sector is comparatively small in relation to the domestic economy: this means that quite small changes in consumption can have a big impact on imports and the trade balance. If President Sarney were willing and able to cut the public sector deficit and reduce real wages moderately, the $1bn trade surpluses would probably reappear as quickly as they vanished last year.

Domestic consumption

At the same time, the present financing gap—put conservatively at $3bn to $4bn—could be plugged much more easily if only the Sarney Government would seek a formal agreement *with the IMF*. Several senior politicians are privately willing to back a return to the IMF, which has a new managing director. Mr Funaro, however, is a stumbling block: *his past denunciations of the* IMF were so vigorous that he would lose all credibility if he now went cap in hand to the fund. The resignation last week of Mr Fernao Bracher, the central bank governor, was not an encouraging *sign*—he had argued in favour of the IMF's return.

Brazil's internal and external problems are thus solvable, and potentially so within a fairly short time-span. There are plenty of technocrats in Brasilia who know what needs to be done. The question is merely whether Mr Sarney, an unelected president seeking legitimacy through populist appeal, will take sufficient unpopular steps at home to rescue the Brazilian economy. Creditors will have to wait and see—and in the meantime appreciate that much of the Sarney Government's unhelpful rhetoric is strictly designed for domestic consumption.

The reshaping of Rover

THE SALE of the Rover Group's truck and van operations to a joint venture controlled by Daf of Holland is probably the least bad solution for a business which is unsustainable in its present form. As Mr Paul Channon, Trade and Industry Secretary, pointed out in the House of Commons yesterday, the Leyland truck operation has been losing some £1.5m a week; there is no hope of securing a viable future except as part of a larger group. The deal with Daf may well be preferable to the projected sale to General Motors, which was blocked on political grounds last year. Although Daf's financial resources are tiny compared with those of GM, it does have a solid position in the European heavy truck *market; a specialist, fully committed* producer may have a better chance of surviving in this industry than the subsidiary of a huge, diversified corporation.

The joint venture with Daf is designed to address two fundamental problems which have been apparent ever since the creation of British Leyland in 1968—the lack of a marketing presence on the Continent and the lack of economies of scale. Traditionally, Leyland's heavy trucks, and the lighter vehicles which came in after the merger with British Motor Corporation, have been exported mainly to developing countries. The collapse of these markets, coinciding with a severe recession in the UK, made the *absence of a* strong, Europe-wide sales net*work all the more glaring*.

Only options

As volumes dropped, Ley*land's ability to finance the* development of new facilities and products, especially key components such as engines, was undermined. There is obviously a limit to how far a *defensive strategy, based on* buying components from outside suppliers and running down the company's own engineering resources, can go. Although the Daf-Leyland combination will be substantially smaller than the European leaders, notably Daimler-Benz and Volvo, the Dutch company provides a strong sales and service organisation on the Continent and the opportunity of spreading *development costs over a larger* volume of output.

For the Labour Party to argue that Leyland Vehicles should soldier on in government ownership until the business recovers is just not realistic. For several years closure and merger have been the only options, and Leyland was always likely to be the junior partner in any joint venture. Short of an open-ended subsidy for the indefinite future, there can be no guarantee that the main factory at Leyland in Lancashire will be kept going, but the prospects have certainly been improved by yesterday's announcement.

As a result of the Daf agreement and the disposals which have taken place over the past few years, the old British Leyland is now stripped down to little more than the so-called volume cars operation centred at Longbridge in Birmingham and Cowley in Oxford, plus the Land Rover and Range Rover business at Solihull. Despite *its loss of market share to the* Japanese and others, the prospects for Land Rover look reasonable, whether it stays within Rover, is sold to another automotive group or, just possibly, is floated off separately. The core problem remains cars.

Honda link

As in the case of trucks, Rover needs access to a wider market and bigger economies of scale. The launch of the Sterling in the US and the improvement in sales on the Continent are encouraging delepoyments. The collaboration with Honda, *still not consolidated, as desir*ably as it should be, by an equity link, helps to offset the disadvantages which stem from Rover's relatively low volume. But the company remains awk*wardly placed in the no man's* land between up-market rivals such as BMW and Volvo and mass producers like Ford and Fiat.

The company may be able to *exploit the Rover name* (as long as it is matched by the quality of the product) as a way of gradually moving its larger models in the BMW/Volvo direction and hence into a *higher price range. The revival* of Austin Rover is a considerable marketing and engineering challenge, but not an impossible one and the Government is right to give the present management a chance of meeting it.

In an uneasy peace after recent student revolts, **David Housego** finds that the French university system is still under great strain

University student numbers

No longer any room for equality

A COMBINATION of escalating numbers of students, their increasingly volatile mood and government inertia has brought French universities to an explosive point.

Two phenomena have intensified the universities' perennial problems of satisfying heavy demand for places while balancing the books. Last year's student demonstrations against the *right-wing* Government's proposals for university reform revealed deepening student opposition to limiting entry by selection. At a time of high unemployment, students are adamant that post-secondary education should remain open to all who have a school leaving certificate *(baccalaureat)* — indeed, they reacted to the threat of exclusion from university courses as if they were being robbed of the passport to a job.

Second, there is growing political pressure in France to increase the numbers in higher education in the belief that more training — as in Japan — will provide a key to improving long-term economic performance. The Socialists have talked of doubling the number of university students to about 2m by the year 2000. The present Government, of Prime Minister Jacques Chirac, is more cautious, but the trend is in the same direction.

The universities are in no *position to cope with such an* expansion. France already has 26 per cent of youngsters of university age in higher education, compared with 14 per cent in Britain. Student numbers *have doubled over the past 20* years to about 1m

Spending on buildings, equipment and staff has not kept pace. "Working conditions for first cycle (undergraduate) students are no longer tolerable," says Mr Raymond Barre, the former Prime Minister.

In December, students — supported by secondary school pupils — made a successful stand (temporarily at least) on open access to universities and an equal chance for all. They rejected all three main points of the proposed Devaquet law which sparked the unrest. These were to increase university admission charges from FFr 400 to FFr 800 (£130), to allow universities to select students, and to introduce a national diploma differentiating between individual institutions to make them more competitive — students feared that qualifications from some universities would be devalued. The man behind this plan, Mr Alain Devaquet, has since resigned as Minister for Higher Education.

The demonstrations — in which one student died and others were seriously injured—have made it more difficult for the universities to find solutions to their problems. They risk rekindling student protest if they seek to increase income by raising admission fees or to reduce overcrowding through selecting students by testing their aptitude.

Mr Chirac, who withdrew the legislation in the heat of the disturbances, promised a national consultation to see how reforms could be brought in. But Mr Jacques Valade, the new Minister for Higher Education, made clear to university presidents at a recent meeting that no *substantial* decisions are possible until the French presidential elections are out of the way in May 1988.

The problems of French universities are a legacy of recent *history. After* the student upheavals of May 1968, the Government conceded that access to universities should remain open to all students acquiring the baccalaureat—*despite knowing the system* could not cope.

Mr Edgar Faure, then Minister of Education, judged the right size for a university to be about 10,000 students. However, the problem of how to deal with the growing demand for places was never tackled. As numbers exploded, some campuses in Paris, which absorbs a third of university students, came to accommodate more than 35,000.

Not even the lack of grants deterred youngsters from going to university because, once they were there, everything was subsidised—accommodation, meals and transport.

The expansion in higher education *has* been *entirely* borne by the universities. The *Grandes Ecoles*, the main alternative, which train an elite *destined for the civil service* and industry, declined to increase their intake and have selected more rigorously. The leaders like the Ecole Nationale d'Administration (ENA) or the Polytechnique can virtually guarantee jobs to their graduates. The *Grandes Ecoles* have 96,000 students, compared with 985,000 at the universities, and competition to enter the former is intense.

Another historical aggravation is that French universities

The problem of how to deal with the demand for places was never tackled

have always allocated a much larger part of their budgets to research than the British. The French priority on research is *revealed in the 13,000-plus full*-time research workers which that country supports in institutions of higher education, compared with 3,000 in Britain.

By contrast, Britain takes *more care of its students*—or those it has selected. It has about 600,000 in higher education, half France's total; however, according to Mr Andre Staropoli, secretary-general of a committee which evaluates French universities' performance, the two countries spend roughly the same total on higher education and research.

It is on the quality of their research work — and above all fundamental research — that French universities pride themselves. They place less emphasis than their British counterparts on applied work in co-operation with industry. Universities like Strasbourg 1 with its internationally known maths, computer and physics departments, or Aix-Marseille 3 with its reputation in chemistry and new materials, believe that they have *the research teams, funds* and equipment to hold their head high with the best in the US or West Germany.

The research priority is reinforced by the close association that French universities have with the government supported Centre National de la Recherche Scientifique (CNRS), France's large and relatively well funded research organisation. Research teams work together and exchange teachers and researchers. Two-thirds of the laboratories at Aix-Marseille 3, for instance, have contracts with the CNRS.

Research is also the area in which universities win prestige over the *Grandes Ecoles*, which have until recently kept out of this discipline.

But, research aside, the weak*ness of French univerisities*—their Achilles heel, as one official puts it—is the overcrowding and heavy drop-out rate during the first two years of undergraduate training. Universities are bound to accept students with the *baccalaureat*, unless they can persuade the ministry that physically they have no place. Some, like Paris 1X (Dauphine) openly flout the law and *select* their students on the basis of *baccalaureat* results and some further interviews or tests. Medical faculties also select because their facilities are limited.

But at most universities students are accepted on the basis of first-come-first-served for the courses they prefer. Hence the all-night queues outside Paris universities in the summer.

Students arrive from the high-pressure teaching system of the lycees to find themselves facing unknown lecturers in amphitheatres — in Paris these *can accommodate 3,000. They* also get two periods a week of supervised instruction in classes of up to 45. Mr Staropoli says the standard of students varies enormously. "It is like putting *together 200 metre sprinters* with long distance runners." By the end of the first year a quarter have dropped out, rising to 50 per cent in some arts faculties.

Some universities are more able to cushion the brutal transition from the lycees. Aix-Marseille 3, with its campus just outside Aix-en-Provence, is a small (15,000) university pleasantly set and with a high academic reputation.

By contrast Mr Jean-Jacques Fol, President of Paris VII (Jussieu) — its students were in the vanguard of the unrest—concedes that first cycle students are "badly looked after."

Built in the 1960s around a tower block on the Left Bank, Jussieu has 50,000 students working on a campus shared with a neighbouring university. Mr Fol takes you to the window and points to the rusting metal structures. "We do not even have the funds to get the windows cleaned," he says, adding that the buildings are "deteriorating more and more rapidly."

Both the Government and the universities have tried to improve the first cycle. Some have instituted two-year vocational courses drawing on the success of the Instituts Universitaires de Technologie (UIT) or technical training institutes. Others have introduced orientation programmes, a wider two-year syllabus and "catch-up" courses for those who need them.

But they are costly to run and Mr Lucien Capella president of Aix-Marseille 3, says that giving these courses does not *forward a teacher's career*, which is judged on research work.

If admission to a French university is open, entry to the second cycle—normally the *third and fourth year of university training*—is on the basis of

The Achilles heel is overcrowding and a heavy drop-out rate in the first two years

selection and examinations get progressively tougher through those two years. On average, only 25 per cent of students stay the course to a master's degree at the end of the fourth year. But this qualification is probably more suited to a teaching career than one in business or the civil service.

To offset this and raise standards, many universities provide more specialist or career-orientated two or three year second cycle courses, leading to diplomas or master's degrees. Sometimes they are financed in partnership with the private sector. Entry in highly selective with a view to matching the standards of the *Grandes Ecoles*.

With student numbers still growing and the demonstrations bringing into the open the poor conditions in which many of them work, the most pressing need for the universities is more funds. It is one of the rare points on which the right joins hands with UNEF-ID, the left-wing student union which was one of the leaders of the strike.

Instead of large and controversial reforms, many academics believe that the universities could best move forward with a piecemeal, commonsense approach. This would put the emphasis on developing a wider range of vocational and general courses in the first cycle.

A more radical proposal to rationalise resources and save funds would be to amalgamate the CNRS with the universities and to demand that research workers do more teaching. There is even a suggestion that teaching universities—detached from research—should be established for first cycle students.

But the nettle that neither politicians nor administrators are willing to grasp is whether, under the pressure of numbers, France will have to move to a more openly selective system. "The heart of the problem," says Mr Yves Durand, the Prime Minister's adviser on education, "is whether the universiteis should provide an education for a whole age group of whether these instiutions should be reserved for those who have passed a certain number of tests."

No French government has yet fully faced up to that question and to what it means in terms of costs and types of institution. Nor will it be on the agenda while France is administered under a system of cohabitation that leaves executive power divided between a Socialist President and a right-wing Prime Minister.

Light at the end of the tunnel

Phones in the boardrooms of some of Britain's most well known companies have hardly ceased ringing this week as inquisitive journalists have been trying to track down the next British joint chairman of Eurotunnel, the troubled Anglo-French Channel tunnel consortium.

By yesterday morning, all the endeavours had produced was a long list of people who are not going to be the new chairman.

I now know that it is not *going to be Sir John Nott, chair*man of Lazard Brothers and a former Cabinet Minister (a good guess, I though). Nor, it seems, is Sir Alastair Frame, chairman of Rio Tinto-Zinc, and *already a Eurotunnel board* member, about to step up into the top job.

It is not only the Financial Times that has been ringing round to check on the latest rumour and speculation.

A colleague ringing BP oil group on a different matter was told before he could pose a question: "I'm sorry you're too late. I've just put the phone down on one of your rivals and

"Sorry I'm late tulip—I couldn't get my finger out of the dyke"

Men and Matters

I can tell you that Sir Peter Walters (BP's chairman) is not going to be the new Eurotunnel chairman.

Over at a thrash being given by Trafalgar House, the buzz was that the new man (it is definitely not a woman) was going to be Cecil Parkinson. I am afraid not: Eurotunnel has said that none of the people speculated about so far, including Cecil Parkinson, will be the new British chairman.

So that also rules out Michael Heseltine and Sir Michael Edwardes, unless the consor*tium is putting up a smoke*-screen. Sir John Harvey-Jones, retiring chairman of ICI, and Sir Jeffrey Sterling, chairman of P&O, have ruled themselves out after receiving informal approaches *from Eurotunnel*.

Company executives on the receiving end of all the telephone calls do not know whether to be flattered, amused, or worried that their key men could be considered possible candidate to head the prestigious but troubled tunnel project.

But all should be settled this afternoon after a Eurotunnel board meeting in Paris — unless some reporter, before then, has managed to ring the right boardroom.

Paris bound

Rumour has it that the genial Ewen Fergusson, named yesterday as Britain's new ambassador to Paris — a post that usually carries a knighthood, at least—does not care for titles.

But the former Scottish rugby player was suitably diplomatic on the subject. "I have not got a knighthood because I have not been awarded one," he said.

Fergusson, 54, pointed out that several Foreign Office officials holding equally senior posts were not knights. But the FO's official spokesman could *not recall in recent times any* ambassador to Paris who was not a *knight* or a lord.

Fergusson, a former ambassador to South Africa, is now the senior FO official dealing with the Middle East and Africa. Six feet three inches in height, he played for Scotland as a second row forward in five matches in 1954. Scotland lost them all, including one to the French.

Sir John Fretwell, the current ambassador to Paris, is returning to London to take over as director of political affairs at the FO. Derek Thomas, who holds that post at present, *will, I gather*, be Britain's next man in Rome.

Initial count

I predict some confusion as people in high-tech industry struggle to tell the difference between ES2 and E2S.

ES2, readers may recall, is the snappy abbreviation for European Silicon Structures, a microchip-design company started by Dr Robb Wilmot, the mercurial former chief executive of ICL, Britain's biggest computer company.

E2S stands for European Educational Software, a company just started by Chris Curry, a similarly well-known figure in UK high-tech circles. Curry was co-founder of Acorn Computer, the once high-flying Cambridge computer company which crashed two years ago and is now a subsidiary of Olivetti of Italy.

Curry's new firm, which is based in Cambridge, will turn out novel forms of software for computers in schools and colleges. He has enlisted to help in the venture two of the more illustrious alumni of the Cambridge computing scene, Tom Sancha and Ed Hoskins.

Sancha and Hoskins were among the founders respectively of CIS and Applied Research, two successful Cambridge *soft*ware companies which were later swallowed up by US corporations, Computervision and McDonnell Douglas.

Why the penchant for companies with numbers in their titles? My theory is that it is *all to do with technologists'* liking for R2D2, the amiable robot that graced the film, Star Wars.

Into play

Part of the cause for the modest upturn in Boots' shares this week may have been the enthusiasm generated among brokers' analysts on their preview visit to the High Street chemist's first Children's World outlet.

Located among the DIY and mass-market furniture sheds in a new retail park in Dudley, west of Birmingham, Children's World presents a cheery face to the bleak landscape outside its mock playing-brick portals.

It is not recorded how many of the City's blue-suit brigade chose to enter this pre-teens *consumer paradise by the play*ground slide which serves as an alternative to the conventional way in. But it may be useful to note that the day's takings far exceeded target. Though the tills do not open officially until today, the playful brokers' men spent a handsome £595 on toys and other kiddie wares.

That may provide a more reliable indicator of the stores' potential—Boots aims to build up to 40—than when the press went a-viewing. My man on the spot is not too sure—it is difficult to be sure of anything when laden with a glass, a com*plimentary* teddy bear and a chicken leg—but he reckons the take from Grub Street was £50, top whack.

Taste for life

Yuppies are getting younger. A colleague reports that he heard his four-year-old son, pouring out imaginary drinks for his siter's dolls and teddy bears the other day, announced: "And there's a glass of claret for you; and a glass of claret for you, too."

Observer

Politics Today

Thatcher's chance to speak for Europe

By Malcolm Rutherford

ONE OF the weakest points of Mrs Margaret Thatcher's administration when she took office all those years ago was foreign policy. Today it is potentially one of the strongest.

The transformation has not been all the British Government's doing and, to be fair, the Labour Party has moved as well. So has the rest of Western Europe. The result is that, perhaps for the first time, Britain has begun to feel at home in Europe and Europe feels at home with Britain.

Parts of a speech by President Francois Mitterrand of France could be mixed with extracts from Mr Hans-Dietrich Genscher, the West German Foreign Minister, Mr Bettino Craxi, the Italian Premier, and Mr George Younger, the British Defence Secretary, and they would make a coherent whole.

Western Europe, in short, is starting to assert itself. The jealousies between European states are giving way to unity in a common cause; hanging together in order to avoid hanging separately. It may be too late, but it is still worth trying.

There are two main reasons: doubts about United States and a new interest in the future of the Soviet Union under the leadership of Mr Mikhail Gorbachev. We shall come to those in a moment.

First, however, it is worth noting the change in the relations between Britain and her continental allies. Britain has ceased to be a reluctant member of the European Community; the bulk of the Labour Party acknowledges that as much as everyone else. Europe is where we live, the one place left to turn to. Mrs Thatcher may haggle about the way in which the Community operates, yet she has long stopped being an agnostic about the benefits of belonging to the club. The same goes for Mr Neil Kinnock, the Labour Party leader.

The continental Europeans have changed, too, in their attitudes to Britain. The years when the French thought that Britain in Europe would be a Trojan horse for the US are almost forgotten.

There appears to be no French or West German resentment that it was Mrs Thatcher who went to see President Reagan shortly after the US-Soviet summit meeting in Reykjavik last autumn, and to some extent "spoke for Europe." That was what she was doing, for she consulted the European leaders in advance and reported to them afterwards.

Equally, there is no particular jealousy that it is the British Prime Minister, rather than President Mitterrand or Chancellor Kohl, who is going to Moscow for talks with Mr Gorbachev at the end of next month. She is not suspected of being off to do a bilateral Anglo-Soviet deal, or of being a surrogate for Mr Reagan. She will, if she plays it properly, be speaking and listening for Europe.

How does a British Prime Minister, once so admiring of President Reagan, so sceptical about Europe and so hostile to the Soviet Union, find herself in this position? Part of the answer is that the US administration appeared to go off on its own, without consulting its European allies, on the strategic defence initiative (Star Wars), and compounded the error by appearing ready to reach an agreement with the Russians in Reykjavik over nuclear weapons, again without consulting the Europeans.

At the same time, the Reagan administration began to look as if its luck had run out: scandals, resignations, Iran, Central America, the lot, while the Soviet Union under Mr Gorbachev ceased to be an ailing gerontocracy.

All the principal European powers came to the same conclusion simultaneously: it was unwise to allow negotiations that could affect the future of Europe to be conducted by the superpowers over Europe's head. The only way to overcome that was for Europe to bury its relatively petty internal differences and try to act together.

Several recent speeches bear that out. President Mitterrand spoke to the Royal Institute of International Affairs in London last month in a way that Mrs Thatcher, and perhaps no other contemporary head of state or government, could have ever done. His speech was thoughtful, philosophical and historical—none of the British qualities—but it was a cry from the heart and the head for European unity.

Mr Genscher made a speech to the World Economic Forum in Davos, Switzerland on February 1 entitled: "Let us take Gorbachev at his word." He did not say that there is yet any reason for Nato to relax its military stance: the watch words are still defence and detente. But he did say that it would be a mistake of historical proportions to let slip the chance of greater co-operation with the Soviet Union that Mr Gorbachev seems to be offering.

Mr Craxi was in London for talks with Mrs Thatcher last week and laid the same stress, as Italy to its credit has always done, on the need to accelerate European unity.

The British are at it as well. Mr Younger went to the annual Wehrkunde Conference in Munich last month (basically a meeting of West German and American defence experts to which a few other Europeans are invited, though not always allowed to speak) and delivered a powerful, but little publicised, paper called: "Europe or America, a false dilemma."

The dilemma was false, he said, because the Europeans did not have to choose between Europe and America. The partnership was natural. But the Europeans did have to play a stronger and more united role in it.

Like Mrs Thatcher in the House of Commons in the last few days, he was warning the Americans not to go ahead with new systems without consulting the Europeans because of the possible side effects on arms control negotiations in general and the military balance of power in Europe in particular. The British voice here is heard with some respect in Europe since it is hoped that Britain might have some influence on American policy. Mrs Thatcher knows that has a better chance of being listened to in Washington if the Europeans are behind her.

Dr David Owen, leader of the Social Democratic Party and a former Foreign Secretary, has been still more outspoken. He said in the first of a series of foreign policy speeches this week: "Mrs Thatcher should go to Moscow at the end of March prepared to speak as a European first and foremost, and not as the voice of President Reagan."

What all of the speeches quoted have in common is a desire to resuscitate the Western European Union or, as Dr Owen suggested, to devise a new framework for European co-operation.

Western European Union (WEU) is the best forum, if only because it is there and established by treaty. Its origins are worth remembering. There was the Treaty of Dunkirk between Britain and France in 1947, followed by the Brussels Treaty, signed by Britain, France, Belgium, Luxembourg and the Netherlands in 1948. Both were about common defence:

The epoch-making North Atlantic Treaty, bringing in the Americans, was signed in 1949. In 1954, after the French National Assembly voted against the ratification of a European Defence Community, the Brussels Treaty was modified and completed, largely as the result of a British initiative, to include West Germany and Italy.

That was the start of WEU. Although it has been dormant for much of the time since, it is essentially a political organisation, ready to be given new life when necessary. One of the reasons why it was set up in the first place was that West European countries were worried about Soviet intentions under Stalin. It was a response to Soviet policy.

Now that Soviet policy may have changed and, as Mr Genscher argued in Davos, Mr Gorbachev does not go on about the correlation of forces in the world constantly shifting in favour of Moscow in the way of the late Mr Brezhnev, WEU could come into its own. It is the natural forum in which European leaders can discuss a common foreign policy—both vis-a-vis Washington and vis-a-vis Moscow.

There are other forums: for example, Political Co-operation within the European Community. But as both President Mitterrand and Mr Younger said in almost identical language in their recent speeches, it is an anomaly that while Europe can find ways of expressing a collective view, and even take collective action, on such diverse subjects as the Middle East and South Africa, it can do nothing like that on its most vital security interests.

The best way forward would be to revitalise WEU. Article XI of the amended Brussels treaty allows other members to be invited to join. Spain, Portugal, Norway could come in. Such discussions are now under way. Yet first there must be a determination among the principal states to make WEU matter as the main arena in which to formulate European foreign and defence policy, and soon.

It is almost as if Britain, having been so stand-offish during the foundation of the European Economic Community in the 1950s, is being given a second chance in the building of a political Europe. Can Mrs Thatcher take it?

Flashback to the 1984 meeting at Chequers between Mr Gorbachev and Mrs Thatcher

Lombard

Time to revive the tariff

By Christian Tyler

FREE TRADE is a goal that can be approached but never reached. Its enemy, protectionism, is a state of mind that most policymakers agree is both bad and dangerous. Protection, on the other hand, is a fact of life that will be with us for as long as we are governed by politicians and not by economists.

So what should the new round of international trade negotiations this year be about? About freeing trade, certainly, but also about openly choosing between good and bad protection.

From the economist's point of view, demonstrably the best kind of protection is the fixed tariff: it happens also to be the cornerstone of the post-war system of trade regulation. It is visible and predictable, "clean" and readily negotiable.

Proof of the negotiability of tariffs is that they have been greatly reduced since the Second World War by trading partners committed to liberalisation. Industrial tariffs of the richer nations were brought down from a pre-war average of 40 per cent to around 7 per cent. By common consent, these mutual concessions in seven rounds of talks within the General Agreement on Tariffs and Trade (Gatt) worked wonders for world economic prosperity.

The trouble is that the political will to sustain free trade faded fast after the early Seventies. Reluctant to admit that they were backsliding on their commitments, governments resorted more and more to the dirty protection of the non-tariff barrier.

To-day's import problems are solved by imposing arbitrary quotas, inventing obstructive product standards, mounting dubious anti-dumping suits and forcing under-the-counter "voluntary" export restraints on troublesome trade partners.

One consequence is that large areas of trade are being taken out of the Gatt disciplines altogether among them textiles and clothing, steel, motor vehicles and electronic goods (including, most recently, semi-conductors).

Is it time to bring the tariff back? This is not as reactionary an idea as it sounds. At a time of huge trade imbalances and volatile exchange rates, political pressures for protection become irresistible. Surely it is better to impose an honest, non-discriminatory tariff than arbitrary, selective and confidence-shaking measures. Is it not better to admit to a temporary competitive weakness at home than to keep up a pretence of open trading while singling out successful new competitors like Japan, South Korea or Brazil for punitive treatment?

There is a further, topical, advantage in bringing back tariffs, as respected trade economists in the US have pointed out: revenue is generated at home that can be used for industrial adjustment.

Instead of allowing the foreign supplier to take the scarcity premium that a quota gives him, the importing country creates a tariff revenue which it uses to encourage adjustment in the protected domestic industries.

The national treasury has money to retrain workers and subsidise their redeployment, to help them move house or encourage them to retire early. It can spend more on education. It can provide incentives to companies to adapt to new technologies, to slim down or to develop new products that will compete on the world market.

A less satisfactory variant of the idea, auctioned quotas, is attracting some attention in the US Congress at the moment. Some congressmen believe that import quotas should be auctioned off to raise the money for industrial redeployment that the Administration cannot or will not afford because of its budget deficit.

Of course, the return of tariffs should not become just another form of permanent protection. They would have to be lowered in step with domestic adjustment programmes, and to a predetermined timetable. Supplier countries caught by new tariffs would have to be compensated. And the conversion of non-tariff barriers to tariffs would have to be multilateral, to make room for subsequent trade-offs.

The "new protectionism" demands a strong antidote: the old tariff, suitably revamped, deserves consideration.

Letters to the Editor

National pay bargaining

From the Director General, Chemical Industries Association.

Sir, — One cannot help being concerned by Mr Kenneth Clark's reported condemnation (February 12) of national pay bargaining. Such a blanket attack seems simplistic, and perhaps doctrinaire, in that national pay bargaining procedures vary from sector to sector and come in all shapes and sizes. We believe that some of them work well and bring additional benefits that far outweight their disadvantages. In this industry we have — since 1918 — developed a two tier (national plus local) negotiating system which serves the industry well.

Two thirds of our member company sites choose to conform to these nationally negotiated conditions. This conformity is best demonstrated by the close adherence to the nationally agreed terms in relation to working hours, annual holiday entitlement, overtime premia, calculation of holiday pay, etc. These features remain standard conditions throughout the conforming part of industry. There are variations in companies' actual rates of pay, shift differential payments and calling in payments which take account of local, and regional factors and company performance.

In our industry there is no evidence that national negotiations have inflated settlements. For example increases in the basic rate negotiated at national level have kept broadly in line with the movement in the Retail Price Index. A rise in the negotiated basic rate of 55 per cent since 1980, or 45 per cent if consolidation and the 38-hour week are excluded, against an RPI increase of 48 per cent. It is important to stress that this has occured in a sector where per capita productivity gains have been dramatic.

Since 1979, manpower in our industry has fallen by 25 per cent, but production has risen 10 per cent, mostly due to better utilisation of manpower, improved working practices and more job flexibility. Very significant changes in attitudes and working practices have been accommodated under the umbrella of the national agreements used as a foundation for specific company or site settlements recognising local conditions, and real productivity gains.

This two tier system has many benefits. For example, our national agreements are not just about money. They are about terms and conditions of employment; they provide a framework, a set of rules, surrounding the employment of people in the workplace.

It is also the basis of our national procedure for the resolution of disputes. This remains one of the most admired features of our agreements and continues to be as much used as ever. In consequence our industry has for long been characterised by a very low level of industrial action.

Within our system we can hold on to those features of the national agreements which we wish to retain as standard, for example the determination of holidays, the guaranteed wage agreement, job transfer selection, and above all access to national trade union officials and vice-versa while allowing companies to play their own tune in other respects. The message is that conformity to a two tier nationally triggered bargaining system is a highly flexible and efficient concept.

Nationally we are all aware of the need to keep abreast of new developments in employment practices. The ultimate aim, however, must not be to encourage change for change's sake, but the more effective performance of our businesses. Certainly we must encourage evolution in the determination of wages and conditions, but Mr Clark's reported encouragement of revolution is not helpful, at least in this successful sector of the manufacturing industry.

Martin E. Trowbridge,
93 Albert Embankment SE1.

Job-finding schemes

From Mr M. Crosswell

Sir,—Reports (February 11) on the Audit Committee's investigation into the MSC's adult training initiative have concentrated on the Government agency's difficulties in collecting authoritative and up-to-date information on skills shortages, particularly on a local basis.

This is indeed a serious chink in the Government's otherwise impressive armoury of job-finding schemes, but one which might be addressed by a closer collaboration with the private sector. Private employment agencies are in the business of matching the right people to the right job, at the rate of thousands per day. It is imperative for them to have good links with employers at a local level, and to have effective means of evaluating potential employees' skills. Like all private businesses, employment agencies have to plan ahead, and that means recognising early on the skills gaps developing in a particular region, and acting swiftly to contain them.

Relevant adult training and accurate placement — based on a solid core of localised knowledge — will be vital in the next decade as the number of 18-year-olds coming on to the job market diminishes by a third. It may well be that this is an ideal opportunity for a close partnership between the private and public sectors which could be of real long-term use to the unemployed.

Michael Crosswell.
Blue Arrow.
14, Finsbury Square, EC2.

Profitable asset

From Mr R. Sheehan

Sir,—Regarding the article of February 5 by your legal correspondent I feel that some of the remarks made about the London insurance market and Lloyd's in particular might be misleading.

To start with as a lawyer he should have realised that the remit of the "Neill enquiry" was to investigate into the adequacy of "investor protection" ie, the protection to the providers of capital, the sellers in the insurance contract. Therefore since it was not its objective, this inquiry does not concern itself with the protection of the buyers. On that score in all the brouhaha attaching to the affairs of Lloyd's over the past few years the accusations against "Lloyd's" are not that it failed its policyholders, the buyers; but that in the carving up of "the cake," when profits were distributed or indeed losses paid out the distribution to some capitalholders was inequitable. The skulduggery of the few responsible is undeniable and deserving of punishment but it is important to recognise that they are few.

The vast majority of the hundred thousand or so people working in the London insurance market are and have been all the while busily beavering away to make the profits which are represented by "the cake," however inequitably it might have been distributed. Therefore the conclusion concerning the opportunities which may now exist in the German insurance market is misconceived. The London insurance market will or will not succeed at this opportunity as it always does through its expertise in assessing the probability of loss, the service it gives and its loyalty to policyholders.

There is little doubt that reform is necessary and that people welcome the Neill report but there is no sense in getting things out of perspective. The London insurance market, frequently misunderstood and ill reported, is a highly profitable asset of this country. For its revenue earning capability it is funded with very little capital when you consider that the "names" investments backing their membership are in fact being used to finance industry and commerce via the stock markets. There is a danger if your correspondent's views are widely supported of "throwing the baby out with the bath-water."

Richard A. P. Sheehan.
50 Cadogan Place, SW1

Loading gauges and the tunnel

From the Director, Channel Tunnel, British Rail (Southern).

Sir, — The difference in loading gauge between trains in Britain and the rest of Europe is not the unavoidable problem which Mr David Layton (February 16) suggests.

Already a fleet of 7,000 rail wagons built to BR gauge is in use on freight services between the UK and Europe, using train ferry links. More can be built if necessary. Large fleets of containers also exist that can travel on rail in the UK and Europe. Thus through-freight services can be run from anywhere in the UK where there is profitable traffic.

The international passenger trains using the Channel Tunnel will be built to BR gauge and there will be hourly services between London, Paris and Brussels for most of the day. There will also be through passenger trains to and from the Midlands, the North and Scotland and to destinations beyond Paris and Brussels on the Continent.

M. J. Southgate,
Waterloo Station SE1.

Working peers

From Dr F. Smith

Sir,—The working peers have made valuable contributions to Select Committee Reports and bring to discussions in the House of Lords a considerable knowledge, experience and expertise which would otherwise be absent. They often represent views which would certainly not be present otherwise and which do not always surface in the debates in the other place.

It therefore seems particularly unjust that only two Alliance working peers should have been created since 1979 out of the total of 59. One of these two has sadly died and the other, Lord Tordoff of Knutsford, comes from my constituency now called Tatton.

(Dr) Francis M. Smith.
16, Whitehall Close,
Wilmslow, Cheshire.

FINANCIAL TIMES
Friday February 20 1987

Chicago cashes in as Hollywood fades

Film-makers are following the golden trail to Windy City, reports David Owen

THE decision eight years ago to allow a speeding Dodge saloon to demolish two huge windows in Chicago's imposing Richard J. Daley Center has proved propitious for the Illinois film industry.

Not only did it help to turn "The Blues Brothers," into a considerable international box office success, but it also gave a graphic illustration of what the powers that be were prepared to sanction in the drive to attract film makers to the city.

"The destruction really focused attention on the type of co-operation which film makers could expect in Chicago," recalls Ms Lucy Salenger, founder, and former director of the Illinois film office.

"The Blues Brothers" was about the 30th film/television project to be shot in and around the city since the establishment of the office in 1975. The tally is now nearer 200, compared with five in the 1965-75 period. The honours list includes films such as "Ordinary People" and "The Colour of Money" and several episodes of the US television series, "Crime Story." Last year alone, about 21,000 people secured temporary local employment because of the region's thriving film industry.

Chicago money-spinner: Paul Newman and Tom Cruise (right) in "The Colour of Money."

Chicago is one of the most conspicuous beneficiaries of show business's drift away from Hollywood over the past 10 to 15 years. While the twin centres of the industry remain unquestionably Los Angeles and New York, the Windy City, as Chicago is known, has cashed in impressively on the upsurge in on-location filming.

As this trend has developed, the once teeming shooting lots of the Los Angeles entertainment giants have become redundant. A large chunk of Century City was sold recently to a Chicago real estate company in a $600m deal.

In 1976, film and television crews spent $870,258 in the state of Illinois. By 1986, the figure was $50m. Ms Janet Kerrigan of the State Film Office, says the industry now brings in more money than any state-funded programme except the lottery. "For every dollar the state spends on the film industry, 75 are returned," she says.

But why have so many film makers flocked to Chicago? After all, the city's star quality was kept strictly under wraps for most of the 21 years for which Mayor Richard J. Daley, after whom the Center is named, ruled the roost.

While Chicago's colourful past has something to do with it much of the attraction is financial. Observers estimate that filming in Chicago can be nearly a third cheaper than in New York. This is partly because of the flexibility of the local unions, but also because of cheaper site rentals and catering costs.

"We have only three basic craft unions which film makers have to deal with, the studio mechanics, the cameramen and the teamsters," says Ms Salenger. "In New York, there are probably 15." Chicago is really small town. People are willing to work together.

But even Chicago is in danger of being undercut, as the competition for film makers' attentions and dollars hots up. Toronto (benefiting from the weak Canadian dollar), Florida and, somewhat improbably, Wilmington in North Carolina, are among the Windy City's principal rivals.

Wilmington's main asset, apart from its essentially non-unionised labour, is the sizeable De Laurentiis Entertainment Group studio complex, which is currently celebrating its third birthday. With a track record of 18 films so far, including "Crimes of the Heart" and the recent hit from British director, Mr David Lynch, "Blue Velvet," the studio claims to have pumped $27m into the local economy in the first nine months of 1986 alone.

The quality as well as the cost of the Wilmington workforce is said to stand the De Laurentiis group in good stead. It had previously considered setting up a low cost complex in Mexico.

"About 85 per cent of the work at the studio is construction-oriented," says Ms Jayne Bednarczyk, a spokeswoman for the group. "We have welders who used to build ships and woodworkers from High Point (America's High Wycombe)," she adds.

Wilmington and the other main North American contenders can now match Chicago for experienced technicians and specialist staff – "the film maker just ships in his heads of department and usually his camera crew," says Ms Bednarczyk – but the depth of the Second City's pool of acting and writing talent still gives it a distinct edge. "We go to LA frequently to pull deals together more tightly," says Ms Salenger of her latest Chicago-based venture, the Odeon Group. "But the purpose of our company is to tap into the writers here."

This may startle some who remember Chicago in its days as a meatpacking and heavy industry centre. But it will surprise nobody familiar with the work of David Mamet or the Goodman, Steppenwolf and Wisdom Bridge theatre companies. Or, indeed, the Blues Brothers themselves – the late John Belushi and Dan Aykroyd. These two local midwestern heroes began their careers at Second City – a converted Chinese laundromat in North Chicago which remains a veritable treasure trove of comic talent.

"We are certainly one of the top five US film industry cities – if not, the top three," Ms Salenger says. The region's reserves of top notch writing and acting talent should, for the moment, ensure that it stays there, in the face of intensifying competition.

These aspirations to silver screen stardom mark a departure for this city of immigrants, whose political slanging matches have earned it the nickname of "Beirut by the lake." The days when Chicago lay at the mercy of the bootlegging mobs of Al Capone and Hymie Weiss may be long gone. But Chicago still has a reputation for getting things done through perspiration, not inspiration, with little panache, but much elbow grease.

THE LEX COLUMN

Running to stand still

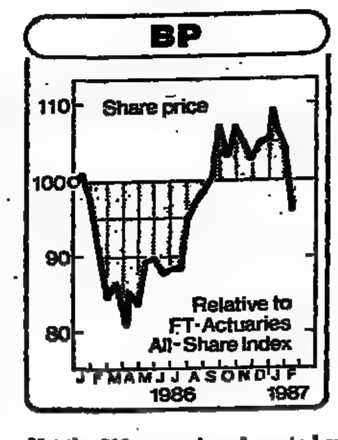
The way in which British Petroleum's share price has managed to regain the position relative to the FT All-Share that it had when the price of oil was $30, is one of the miracles of the bull market. But the slighest disappointment can cause quite large cracks in the ring of confidence. Already on the slide ahead of the results as the company made haste to dampen outside forecasts, the shares fell a further 28p to 733p yesterday before recovering to 749p.

There cannot be many companies which have recommended a dividend increase after a year in which earnings per share have halved and there was a cash outflow of £151m. Yet the 1p increase at BP – almost maintaining the real value of the dividend – was almost damned as meanness by the market. Given that replacement cost earnings were only slightly down, and that the decline in cash balances was the result of almost £1bn of US acquisitions, BP's dividend policy is probably about right.

The problem for BP is that UK shareholders in Shell will probably receive a chunky increase in their dividend, purely because of the strength of the guilder relative to sterling. Surprisingly, Shell's share price fell proportionately more than BP's yesterday, but this probably reflects late buying of BP shares just before they go ex-dividend.

The fourth-quarter replacement cost profit of £202m represents a dismal end to the year, and marks a sharp reversal of the trend in the first three quarters. While these were characterised by windfall downstream profits compensating for the shortfall in production earnings, the last three months of the year have seen refining margins shrink – finally to disappear altogether in December. The combination of increasing crude prices and an oversupplied products market was the cause.

The notable absence of the first condition over the past few weeks suggests that the downstream position may have improved. But a 1987-long mix of $18 oil with the refining conditions of the fourth quarter could see BP's replacement cost profits fall by around 40 per cent. It is not such an improbable combination.



Yet the $18 scenario, advocated so strongly by the BP chairman, is already fraying badly. Yesterday the Brent price slipped below $17, and there must be a suspicion that the fall of the past few days would have been much more pronounced if the oil trading fraternity were at their telephones instead of their annual binge in London. It seems that the Opec countries are producing around 16.8m barrels a day – or about 1m over the recently – agreed ceiling. If that is translated into sales of Opec crude below the new official price, then the game is up.

Sir Peter Walters indicated yesterday that BP would consider buying at official prices rather than take cheaper crude on offer from a less scrupulous member of the producers' club. The problem is that the oil companies are in the same boat as Opec members: to behave gallantly allows rivals to gain a competitive advantage.

Plessey

Compared with an edgy period before the bid from GEC, when order books were shortening, cash was temporarily getting soaked up in stocks of System X and the City was muttering about credibility gaps, Plessey has become a much easier stock for the institutions to hold with an easy mind. That is partly, of course, the reverse of GEC's failure to keep the Nimrod project alive; Plessey now stands to gain a stream of contracts as a UK sub-contractor to the Awacs system.

Yet there is also a much more comfortable feeling about the half of Plessey's business that is in telecommunications. Work for BT on System X is, after all, now regarded as one of the more transparent parts of the business, trouble-free and high-volume work, satisfactory despite the thin margins. If even a limited solution to the overlap with GEC is found, that will help cement the good work. The US public switching enterprise is at last making modest amounts of money – with a change of getting some small exchanges into the Bell system. If System X can actually be sold in Bulgaria – or anywhere new at all outside the UK – that might actually be worth something on Plessey's still depressed earnings multiple.

It is in a way surprising that even since the Awacs decision, the Plessey share price has made relatively modest headway. Most probably those contract announcements are already in the price, and the expectation is for earnings to grown no more than in line with the market over the next couple of years. Perhaps it is time to reflect that such an outcome appears more certain for Plessey than for other electronics stocks – such as STC – which have made an even more vigorous recovery.

BET in USA

The advantages that BET claims for its proposed US listing are of varying plausibility. It may well be possible to use the shares for US acquisitions, though it would be interesting to know how many shares had been issued in this way by all the UK's New York listed companies put together. And if BET strikes an untapped source of demand for its shares, the $100m that it talks of raising in a New York placing may indeed be obtained on terms which avoid dilution.

But an overnight instant re-rating to transatlantic service-sector multiples, raising the value of shareholders' entire existing investment? Maybe so, though such an outcome seems to demand that trading in New York (on an initial 3 per cent of the stock) will effectively take the market in BET away from its stolid London base.

Occidental plans $1bn equity offering

By Our New York Staff

OCCIDENTAL Petroleum, the US west coast energy group headed by the 87-year old Dr Armand Hammer, yesterday took advantage of the current boom in Wall Street share prices and announced plans to raise close to $1bn of new equity.

The group, which has one of the weakest balance sheets of any international oil company, said that it will file a registration statement with the Securities and Exchange Commission (SEC) today for an underwritten public offering of 30m shares of Occidental common stock.

The issue will be one of the biggest common stock offerings in the history of Wall Street. According to IDD Information Services, a New York firm which collects statistics on capital raising, there have only been four corporate equity issues of over $1bn. Occidental shares fell by $1⅛ to $31⅛ following the announcement of the proposed offering.

The company has issued a substantial number of shares over the last 18 months to finance acquisitions, in particular last year's $3bn purchase of Midcon, and analysts are concerned that the latest issue could further dilute earnings. The average number of Occidental shares outstanding in 1985 totalled 150.3m compared with 105.1m in 1985.

The group has been hard hit by the collapse in oil and gas prices and its 1986 earnings of $107.5m, or 72 cents a share, were not enough to cover the $2.50 annual dividend.

Dr Hammer said that it is intended that the offering will be made on or before March 10, 1987, and the net proceeds will be used primarily to reduce outstanding debt. Occidental has over $7bn of debts and the credit rating agencies have recently been downgrading their rating of the company's securities.

Baker unveils plan to improve US international trade position

BY NANCY DUNNE IN WASHINGTON

MR JAMES BAKER, the US Treasury Secretary, yesterday presented Congress with a six-part Administration programme to improve the US trade position and he warned that President Reagan "will not tolerate closed markets, trade barriers and unfair subsidies which deny American firms a fair chance to compete."

"The trade figures are stark, and the newspaper headlines are grim," he said. But Congress must avoid protectionism – which would provoke costly retaliation – and "quick-fix solutions that aren't really solutions at all – just reflexive measures with superficial appeal."

Mr Baker, who was speaking before the Senate international trade subcommittee, asked for change in US trade law statutes so that President Reagan could take "a tough position on unfair trade practice at home and abroad."

He asked Congress to set a two-year dealine for the settlement of trade complaints which did not already have time limits, and for "reciprocal access to foreign markets" to be added as a consideration in many unfair trade cases.

Until now, the Administration has resisted changes in the trade laws, saying the president already has wide, discretionary powers to order retaliation. Since those powers have been used too infrequently to suit many on Capitol Hill. Legislation has been introduced in both Houses which would force the president to act.

The Administration, said Mr Baker, would "resist" any proposals to limit the president's flexibility, a general import surcharge, or any sector-specific protection, such as the new textile bill introduced in the House this week.

"Threats can be useful to negotiate a solution, but a rigid, statutorily mandated approach that dictates to foreign governments can make them less likely to agree to reduce barriers and more likely to dig in and counterattack by closing their markets to US exports," Mr Baker said.

A "transformation" was needed, reaching into "the core of American society" and making American business more competitive, Mr Baker said.

He put forward proposals for a $1bn worker adjustment scheme to retrain 700,000 "dislocated" workers, and two youth training programmes for disadvantaged teenagers.

It is unclear how much additional money the adminstration plans to spend on the schemes, since it has also proposed deep budget cuts in education and job training. Funding is also unspecified for a further plan to establish university-based science and technology centres to boost long-term research.

UK rejects US high-tech audits

BY PETER MONTAGNON, WORLD TRADE EDITOR, IN LONDON

THE BRITISH Government has decided not to allow US authorities the right to examine the books of British companies importing US high-technology products – except in exceptional circumstances requested by the company itself.

The UK move was announced by Mr Paul Channon, Secretary of State for Trade and Industry, in a bid to defuse a growing row over a US request to audit British companies.

The US, which hopes to prevent sensitive US technology being sold on to the Soviet bloc, has been seeking the right to inspections as part of a modification of its own export controls.

British Members of Parliament opposed to the move have argued that the US is claiming extra-territorial rights.

Under new US rules US exporters would not have to obtain an export licence each time they made a sale to a foreign company designated an approved consignee. In return, the US authorities wanted to undertake audits to check that sensitive goods were not being-re-exported.

The UK Government, which has been considering the US position for some time, had been expected to allow inspections, but Mr Channon's statement to Parliament yesterday took a tougher line than anticipated.

He said: "The Government have made clear their rejection of extra-territorial re-export controls on many occasions. We also reject the principle of audit visits designed to monitor compliance with such controls, since any controlled goods imported into this country are subject to our own stringent export licensing requirements."

He said he would not normally allow audits except when he was satisfied that a company wished to maintain approved foreign consignee status and did not wish the Government to reject an application for an inspection.

He said that audits would be limited to "a handful of cases a year and subject to stringent conditions:

- Companies refusing audit visits should not be subject to any penalties other than loss of approved consignee status, which meant they would again become subject to specific US export controls.
- No information gained as a result of a visit should be used as the basis for US proceedings or administrative action in relation to activities carried on in the UK.
- Visits would be covered by guidelines already applicable to the foreign officials while in this country.

Khoo is ready to take on NBB debts

By Steven Butler in Singapore

TAN SRI Khoo Teck Puat, the Malaysian-born financier, told bankers in New York yesterday that he and his companies were ready to assume all the liabilities of his family bank, the National Bank of Brunei (NBB), which was seized and closed by the Brunei Government in November amid charges of loan irregularities.

Those liabilities totalled about US$776m, including capital and reserves. Some 33 international banks were owed US$210m.

"I have never defaulted on a loan. I have never failed to uphold my financial obligations," he said in a statement. "I will stand behind my companies. I will service my debts."

He denied any misconduct in the affair.

The statement, his first since the NBB closure, came as he met representatives of major creditor banks to the NBB in an effort to put together a package that would liquidate the assets and liabilities of the bank while preserving Tan Sri Khoo's stable of companies. Tan Sri Khoo owned some 70 per cent of the NBB. Direct creditors to Mr Khoo's companies also attended the meetings.

Tan Sri Khoo acknowledged to the bankers that the Brunei Government had earlier rejected an outline of the proposals that was presented to them, but hoped that discussions could be reopened when a more detailed and concrete proposal was ready.

The Brunei Government's opposition seemed to soften slightly this week when it sent out messages indicating that it was encouraging banks to negotiate with Tan Sri Khoo and his financial advisers, Shearson Lehman Brothers.

The proposals, as described at the meeting, call for the liabilities of the NBB to be repaid in a short period of time with full interest. The repayment obligations would be secured by all of Tan Sri Khoo's unencumbered assets, including the US$350m of assets held as collateral by the NBB.

A Shearson Lehman official yesterday would not put a value on the total assets available, other than to say that they were sufficient with a substantial margin to provide the necessary security.

Tan Sri Khoo said that it was not possible financially to repay his debts to the NBB by liquidating or refinancing his assets, under current conditions.

Shearson Lehman will attempt to continue meeting with a steering committee representing the banks in order to work out a final set of proposals before presenting them to the Brunei Government.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	C	10	50	Dubrovnik	C	11	52	Malta	S	19	66	Rhodes	S	16	61
Algiers	Th	4	39	Edinburgh	C	5	41	Manchester	F	2	36	Rio de J'o	C	34	93
Amsterdam	S	1	34	Faro	S	12	54	Manila	S	32	90	Rome	C	12	54
Athens	S	15	59	Florence	C	12	54	Melbourne	S	36	97	Salzburg	C	0	32
Bahrain	F	23	73	Frankfurt	C	-1	30	Mexico City	S	27	81	San Francisco	S	13	55
Bangkok	S	33	91	Funchal	C	16	61	Miami	C	18	64	Seoul	F	6	43
Barcelona	—	—	—	Geneva	C	0	32	Milan	Sn	0	32	Singapore	F	31	88
Beirut	R	18	64	Gibraltar	S	11	52	Montreal	S	-19	-2	Stockholm	S	-6	21
Belfast	C	6	43	Glasgow	F	7	45	Moscow	Sn	-2	28	Strasbourg	C	-1	30
Belgrade	S	12	54	Guernsey	C	2	36	Munich	Sn	-3	27	Sydney	S	27	81
Berlin	Sn	-1	30	Helsinki	C	-5	23	Nairobi	C	28	82	Taipei	S	19	66
Biarritz	F	4	39	H. Kong	C	19	66	Naples	C	13	55	Tangier	F	11	52
Bombay	S	31	88	Innsbruck	Sn	-1	30	Nassau	C	29	85	Tel Aviv	C	18	64
Bordeaux	Sn	1	34	Inverness	C	6	43	New Delhi	S	23	73	Tenerife	—	—	—
Brussels	Sn	-1	30	Islamabad	C	18	64	New York	S	-5	23	Tokyo	S	7	45
Budapest	C	4	39	Istanbul	C	9	48	Nice	C	8	46	Toronto	S	-12	10
B. Aires	S	31	87	Jakarta	—	—	—	Nicosia	C	18	64	Tunis	C	12	54
Cairo	S	22	72	Jersey	F	5	41	Oporto	F	8	46	Valencia	F	8	46
Cape Town	S	24	75	Jo'burg	S	29	84	Oslo	F	-8	18	Venice	R	5	41
Caracas	C	28	82	Lima	S	26	79	Paris	C	-1	30	Vienna	C	4	39
Casablanca	C	13	55	Lisbon	S	10	50	Peking	—	—	—	Warsaw	C	3	37
Chicago	S	-4	25	London	Sn	3	37	Prague	F	-1	30	Washington	S	-3	27
Cologne	Sn	0	32	Los Angeles	S	14	57	Reykjavik	R	6	43	Zurich	Sn	-2	28
Copenhagen	Sn	-7	19	Luxembourg	C	-3	27								
Corfu	F	13	55	Madrid	S	9	48								
Dallas	C	4	39	Majorca	—	—	—								
Dublin	C	6	43	Malaga	—	—	—								

Readings at mid-day yesterday:
C–Cloudy D–Drizzle F–Fair Fg–Fog H-Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

G7 to meet on Sunday

Continued from Page 1

It is by no means clear, however, that West Germany will come to the meeting with any firm suggestions for boosting its economy. One senior European official said yesterday that the West German authorities had doubts about whether anything much would come out of Sunday's meeting.

There were even suggestions that German officials may have insisted on a G7 rather than a G5 meeting as a precondition for going to Paris, in the hope that G7 talks would not stir up too many hopes in financial markets.

West Germany could decide to bring forward DM 9bn in tax cuts planned for next year in an attempt to assuage US pressure to boost its economy.

However, the newly formed coalition faces important state elections in April and May and it seems unlikely that the government would want to be seen to compromise to US demands ahead of the polls.

In the longer-term, Germany could bring forward these planned tax cuts and/or implement tax cuts of up to 10 per cent under the provisions of the stability and growth law.

Both are options should the current slackness in growth continue until the end of the second quarter. By the Venice summit in June, the pressure to reflate could have become much tougher.

SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Friday February 20 1987

Daimler-Benz boosted by higher car volume

BY ANDREW FISHER IN FRANKFURT

DAIMLER-BENZ, the West German motor group which has expanded widely into other industrial sectors, yesterday reported what it called "another pleasing profit" for 1986, with sharp rises in turnover and output.

The Stuttgart-based company said the favourable trend in the car market had made a large contribution to the result, with problems caused by the rise of the D-Mark, especially against the dollar, mostly offset by higher unit sales.

But commercial vehicles continued to suffer from stiffer competition because of world over-capacity. New subsidiaries Dornier (aerospace) and Motoren- und Turbinen-Union (engines) had contributed positively to the results, while AEG (electronics) was continuing on its consolidation path after the heavy losses of a few years ago.

Total turnover, as indicated late last year, was DM 65.6bn ($36bn), with the 25 per cent rise from the DM 52.4bn of 1985 mainly due to the first-time inclusion of AEG, of which Daimler owns nearly 60 per cent.

While car sales were 10 per cent ahead at DM 31.6bn, those of commercial vehicles were down by 12 per cent to DM 17.6bn, mostly as a result of the firmer D-Mark. Of the group's non-motor subsidiaries, turnover at AEG was 4 per cent up at DM 11.1bn, with a 7 per cent rise to DM 2.3bn at Dornier, and one of 8 per cent to DM 2.8bn at MTU.

Mr Werner Breitschwerdt, Daimler-Benz chief executive

Sales of the parent company, Daimler-Benz AG, rose 10 per cent to DM 40.6bn. Analysts have forecast higher earnings for Daimler because of increased unit sales, car price increases and a concentration on more expensive models in markets like the US. In 1985, net profits were DM 1.25bn against DM 711m.

Daimler was fairly cheerful about the overall economic background, although it stressed the significance of the coming wage round in Germany at a time when the D-Mark's strength was hindering exports.

It warned that shorter working hours, without compensation through such means as more flexible working times for new and advanced machinery, would put German plants at a disadvantage.

Porsche warned last week that the campaign of the IG Metall trade union for a 35-hour week would "make it much harder to breathe."

Daimler said it planned to expand car output further in 1987, though less rapidly than the 10 per cent achieved in 1986 to just over 594,000 units. It expected continued difficulties in commercial vehicles.

Capital spending remained high last year at DM 5bn, with some DM 1.8bn being invested in the car division, where demand remains strong. Research and development expenditure totalled more than DM 3.7bn.

In its non-motor sectors, Diamler forecast continued positive development at AEG, Dornier and MTU.

Mr Hans Dinger, head of MTU, said this week that civil aerospace work would play an increasingly important role as defence orders such as the Tornado fighter ran out.

With less long-term military engine business, "the swing of the pendulum between good and bad years will increase."

Alan Friedman reports on proposals for a possible Anglo-Italian telecommunications alliance

Fiat and Stet study plan for UK link up

ITALY'S FIAT group and Stet, the state holding group which is part of IRI, plan to approach Britain's Plessey and GEC to explore the prospects of forming an Anglo-Italian alliance in the telecommunications equipment sector.

Stet and Fiat will only seek formal negotiations with the British companies once they have completed the creation of Telit, the public switching and data transmission joint venture set to result from the merger of Italtel and Telettra, respectively the telecommunications subsidiaries of Stet and Fiat.

The plan, which has been agreed informally at the most senior levels of both the Turin-based Fiat and Stet in Rome, is for Telit to seek collaboration agreements with the British which could range from research and technology to joint marketing and distribution.

The Italians want an alliance with British companies which would serve as a market response both to last year's French acquisition of ITT's international operations and to the international venture between Siemens of West Germany and GTE of France.

"We will have to find a way of competing with the French and the big international telecommunications groups in a difficult market and right now we are too small on our own," said one senior Italian executive involved in the Telit merger.

The Stet-Fiat plan, which is encountering political resistance from several leading members of the Socialist Party of Mr Bettino Craxi, the Italian Prime Minister, would go one step beyond an Anglo-Italian joint venture.

The idea would be for Italy's Telit and one or both of Britain's System X producers to get together and then seek a three-way global venture with a larger company.

Although no formal talks have been held, the list of companies which the Italians would like to approach jointly with their British counterparts includes Ericsson of Sweden, Northern Telecom of Canada, West Germany's Siemens and American Telephone and Telegraph.

According to several Italian executives involved in the planning – all of whom requested anonymity – contacts with GEC and Plessey have already taken place, but there have been no formal negotiations.

Earlier this month Ericsson said it would be willing to reach an agreement with Telit which would see the new Italian company taking a 5 per cent stake in the Swedish concern.

Ericsson's goal is to increase its position in the Italian market and to share development costs for switching and transmission equipment. It has the same aim in Spain.

The Italians want an alliance with UK groups which would act as a market response to both last year's French acquisition of ITT's international operations and to the international venture between Siemens of West Germany and GTE of France.

Mr John Butcher, UK Parliamentary Under-Secretary of Trade, recently visited key cabinet ministers in Italy such as Mr Clelio Darida, the Christian Democrat responsible for state industry, and also met Stet and Fiat executives.

Mr Butcher came away from his Italian meetings saying that "prospects have never been better for Anglo-Italian industrial collaboration in the telecommunication sector."

But he added that it was "now up to the companies concerned to see whether they would like to take the advantages which are available."

The Fiat-Stet plan for an Anglo-Italian partnership is seen in Italy as a practical way of achieving the necessary "critical mass" needed to compete more effectively on the world market.

But political problems could imperil the formation of Telit in Italy and the executives involved also recognise that it is one thing to seek an accord with Plessey and GEC and quite another to get the two UK companies to agree to co-operate between themselves.

The creation of Telit would see Fiat and Stet each holding 48 per cent of the equity, with the remaining 4 per cent in the hands of a "public" bank such as Mediobanca.

For the purposes of the Telit merger Fiat's Telettra subsidiary has been valued at around L400bn ($308m) and Stet's Italtel at around L600bn.

So, to achieve shareholding parity with Stet, Fiat is expected to contribute the whole of Telettra to the Telit venture and also make a payment of around L170bn (the difference between its L400bn valuation and the value of 48 per cent of Telit).

Many members of the Socialist party in Italy fear that Stet, which is influenced by the rival Christian Democrats, is "giving away" state control of assets in a strategic sector.

"By the time the Anglo-Italian deal is done the Italian state portion of Telit will have been diluted away to a minority percentage. And, in any case, Fiat will have an effective veto," one senior Socialist party member said.

The Christian Democrats reject this argument and say the Socialists are merely engaged in a struggle for power and patronage.

Total expands US assets in $120m deal

By Our Paris Correspondent

TOTAL-COMPAGNIE Française des Petroles, the French oil company, is expanding its US activities with a $120m deal to buy the oil assets of Texas International.

Minatome, Total's US subsidiary, has reached agreement with Texas International and its subsidiaries Texas International Petroleum and Phoenix Resources, to buy most of their oil exploration and production assets.

The base price for the deal of $120m will be adjusted in line with operations carried out between the end of 1986 and the date at which the acquisition goes through.

For Minatome, which has embarked on a programme of offshore exploration in the Gulf of Mexico, the agreement is the second big purchase in recent weeks.

In December, Minatome bought out Lear Petroleum Partners – which was active in oil exploration and production, mainly in Louisiana, Oklahoma, Texas, Kansas and New Mexico – for a base price of $115m.

Total's operating performance has shown strong improvements over the past year, but like other oil companies it has had to write down the value of stocks.

Rauma-Repola falls into loss

RAUMA-REPOLA, the Finnish shipbuilding, metals and forest products group, has fallen into the red for 1986, turning a pre-tax profit of FM 291m ($64m) into a deficit of FM 169m.

The company said the setback resulted from engineering losses, reorganisation costs and flat trading on the shipbuilding side. Turnover last year dipped to FM 7.04bn from FM 7.99bn.

Bid pressure mounts on Borg-Warner

BY WILLIAM HALL IN NEW YORK

MR IRWIN JACOBS, the Minneapolis investor, yesterday turned up the pressure on Borg-Warner, the embattled Chicago conglomerate, and informed the company that he would attempt to "seek control through a tender offer" if a "friendly deal" cannot be arranged.

Mr Jacobs said late last year that he was interested in discussing a possible negotiated purchase of Borg-Warner within a price range of $43 to $48 per share, subject to a due diligence review of the company.

The offer valued the company at up to $4.1bn. Borg-Warner's shares, which have failed to participate in the recent sharp rally on Wall Street, rose by $1⅛ to $41⅞ in early trading yesterday.

Mr Jacobs' group of investors is believed to control a 7.6 per cent stake in Borg-Warner and has said in previous filings with the US Securities and Exchange Commission that it is continuing to explore strategies for seeking control

In a letter to Borg-Warner, Mr Jacobs said he would prefer to purchase the company in "the spirit of a friendly deal" but warned that if the Borg-Warner board did not co-operate, he intended to seek control through a tender offer "which may be at a different price from what we might offer in a negotiated transaction."

Many analysts continue to be sceptical of Mr Jacobs' intentions in seeking to take over the company and have suggested that he is more interested in making a handsome profit on his investment stake.

Borg-Warner's ability to remain independent is made more difficult since GAF Corporation, another corporate raider, owns 9.8 per cent of the company and has not indicated what it plans to do with its stake.

Loews rises by 8.5%

BY OUR NEW YORK STAFF

LOEWS CORPORATION, the insurance and tobacco conglomerate headed by Mr Larry Tisch, a leading US financier, increased its earnings from continuing operations by 8.5 per cent from $502.6m, or $6.17 a share to $545.5m or $6.69 in 1986.

The group, which has emerged as the biggest investor in CBS and has lent Mr Tisch to help the troubled broadcasting giant revive its fortunes, benefited from $95.4m, or $1.17 a share of realised investment gains in 1986 compared with $151.1m ($1.85) in 1985.

Gross revenues totalled $8.6bn in 1986 compared with $6.7bn in 1985. Loews shares slipped by $½ to $72⅜ in early trading yesterday, valuing the group at $5.9bn.

Net income in the fourth quarter of 1986 fell by 12 per cent from $115.1m ($1.42) to $101.6m ($1.25), mainly because of a sharply higher tax charge.

Income from continuing operations in the final quarter of last year included realised investment losses of $15.3n, or 19 cents a share, compared with investment gains of $7 (9 cents), in the same period of 1985.

Revenues for the quarter increased to $2.38bn from $1.82bn.

Out of the group's total revenues of $8.6bn in 1986, insurance premiums accounted for $6.6bn, and manufactured products accounted for $1.7bn.

Peugeot plans FFr 7bn investment

By George Graham in Paris

AUTOMOBILES PEUGEOT, the French car company, is to invest FFr 7bn ($1.14bn) in modernising its main plant at Sochaux over the next seven years.

The investments, which mean diverting the river Allan and the Rhine-Rhone canal, aim to create a production centre with a capacity of 1,800 cars a day.

A new foundry, press works, paintshop and assembly plant will be built on the Sochaux site, close to the French-Swiss border.

Unlike recent Peugeot investment at its Poissy and Mulhouse plants, the project is aimed at general modernisation rather than at equipping the works for a specific new car model.

The investments include FFr 170m in a foundry using the "lost foam process"; FFr 590m in the engine plant; FFr 2.29bn in the stamping works; FFr 1.8bn in the paintshop and FFr 2.12bn in the fitting and assembly plant.

Mr Jean Boillot, Automobiles Peugeot president said the production techniques at the plant would allow the company to reduce its level of stocks of parts and components from an average of 5.5 days to 3.5 days.

Automobiles Peugeot, with its subsidiaries, increased sales last year by 2.5 per cent to FFr 59.7bn, while Peugeot SA, the group's parent company, recorded a 4.6 per cent increase to FFr 104.9bn.

Citroën, the group's other car division, raised sales by 9.6 per cent to FFr 35.1bn.

Asea improves turnover at year-end

By Sara Webb in Stockholm

ASEA, the Swedish electrical engineering group, reported a 2.3 per cent increase in profits after financial items to SKr 2.53bn ($386m) for 1986, compared with SKr 2.47bn the previous year.

Invoiced sales totalled SKr 46.03bn, up 14.5 per cent on the 1985 figure of SKr 40.2bn.

Order bookings for the year rose 21 per cent to SKr 47.44bn, boosted by a number of substantial contracts in 1986.

These included an order for a turn-key mass transit system in Istanbul, worth SKr 2.5bn, an SKr 1.8bn order from the Swedish state railways for 20 new high-speed trains, and orders for three high-voltage direct-current power distribution systems.

The financial services division reported a strong increase in earnings, and was helped by the strong performance of the Swedish stock market in 1986 and by falling interest rates during the year.

The power plants division also showed increased earnings, but the power transmission division made a loss because of problems with transformers delivered to Brazil.

The board proposes raising the dividend from SKr 6.00 to SKr 7.00. Asea believes that profits after financial items will remain at the some level in 1987, provided the economy shows no sign of declining.

Buoyant Coca-Cola jumps 38%

BY ANATOLE KALETSKY IN NEW YORK

COCA-COLA reported a 38 per cent jump in net income last year to $934m, as its soft drinks, entertainment and food divisions all enjoyed substantial volume growth and the weak dollar provided big currency translation gains from the company's international operations.

Earnings per share were boosted by 41 per cent to $2.42 and soon after announcing the results, Coca-Cola declared a dividend increase from 26 cents to 28 cents a share. Return on equity, at 28.8 per cent, was the highest in 45 years, the company said.

Operations were significantly affected by the public flotation of a 51 per cent stake in Coca-Cola Enterprises, the soft-drinks bottling subsidiary and all results only reflect Coca-Cola's continuing operations.

In the fourth quarter, net income from these operations was $314m, or 82 cents a share, more than double the level achieved the year before, when Coca-Cola suffered unusual one-time charges.

The sale of Coca-Cola Enterprises generated a non-cash gain of $375m before tax, reflecting the difference between the public offering price and the bottling operations' book value.

This benefit was partly offset by a non-cash charge of $180m to cover the company's disinvestment and restructuring in South Africa.

The net result of these non-recurring items was to boost net earnings per share by 35 cents, the company said.

Volume gains in the soft drinks operation amounted to 7 per cent in North America and 12 per cent internationally. Combined with the sharp decline in the dollar, this boosted operating income from soft drinks to $1.02bn, or 86 per cent of combined operating income from all.

Television business also performed strongly, with a 46 per cent gain in operating income to $235m.

News Ltd lifts stake in NZ

By Dal Hayward in Wellington

NEWS LTD, part of Mr Rupert Murdoch's international publishing group, has increased its stake in New Zealand's Independent Newspapers from 22 per cent to almost 40 per cent.

The steady buying of shares by the News group over the past month has attracted other investors, and sent the Independent's share price from NZ$4 in mid-January to NZ$5.35 yesterday, in spite of a weak stock market.

Independent publishes Wellington's two daily newspapers, as well as Sunday papers and a number of magazines.

European boost for Hewlett-Packard

BY LOUISE KEHOE IN SAN FRANCISCO

HEWLETT-PACKARD, the US computer and electronic equipment manufacturer, reported increased sales and earnings boosted by strong European sales for the first quarter of fiscal 1987, ending January 31.

Net revenues rose 9 per cent to $1.74bn from $1.597bn in the same quarter a year ago. US revenues were $899m, down 2 per cent, while international sales rose 23 per cent to $841m.

Earnings for the quarter rose 6 per cent to $116m, or 45 cents a share, from $109m, or 43 cents a share in the first quarter of fiscal 1986.

The company said that orders booked during the quarter rose 13 per cent, with most of the growth occurring in international orders. The president, Mr John Young, said: "Orders in Western Europe continue to show good growth." He added, however, that the US order rate had not been as strong.

"Although we remain cautious overall, we expect to see continued order growth during 1987 as we enter one of the strongest new product cycles in our history," he said.

In mid-1987, Hewlett-Packard scheduled to begin shipments of a new range of business computers. Shipments of the new HP 3000 series 930 super-mini computers have been delayed by problems with the new machines' software.

USAir ponders sweetened offer

BY WILLIAM HALL IN NEW YORK

THE SHARES of Piedmont Aviation, one of the most successful medium-sized US airlines, jumped sharply yesterday morning, valuing the airline at $1.6bn as the company's board met to consider the rival takeover offers from Norfolk Southern, the big US transport group, and USAir, another medium-sized airline.

USAir's decision late on Wednesday to sweeten its offer for Piedmont came a day after Piedmont said that a committee of its outside directors had recommended approval of a $65 a share cash bid from Norfolk Southern, which has held a near 20 per cent stake in the airline since 1981.

Piedmont disclosed that USAir had first offered to buy the company for paper valued at $71 per Piedmont share or in a half-cash, half-paper deal valued at $68 per Piedmont share.

The company said that it preferred the Norfolk Southern deal because it was all cash.

Under its latest offer, USAir will commence a cash tender offer for 50 per cent of Piedmont's common stock at $71 per share and the balance of the equity will be paid for in USAir shares worth the equivalent of $73 per Piedmont share.

The offer was announced after the close of business on Wall Street on Wednesday.

In early trading yesterday Piedmont shares jumped by $3⅜ to $69¼ and USAir shares fell by $1⅛ to $43, valuing the company at $1.37bn.

INTERNATIONAL COMPANIES and FINANCE

Astra boosts sales at year-end

By Sara Webb in Stockholm

ASTRA, Sweden's leading pharmaceuticals group, reported a 14 per cent rise in pre-tax profits for 1986, while group sales increased by 12 per cent.

Group profits before appropriations and taxes rose to SKr 1.15bn ($175m), compared with SKr 1.01bn in 1985. The rise was mainly due to increased earnings from its West European subsidiaries.

Group sales increased to SKr 4.96bn, compared with SKr 4.44bn the previous year. The increase is the result of higher sales volumes, with overseas sales accounting for 83 per cent of the total.

Astra said sales had increased particularly strongly in West Germany, which has become the group's biggest market, ahead of Sweden.

Among the various product areas, sales of agents for respiratory diseases showed the strongest increase, rising 18 per cent to SKr 1.04bn.

Sales of cardiovascular agents rose 9 per cent to SKr 1.47bn, while sales of local anaesthetics rose 7 per cent to SKr 1.13bn.

The board proposes raising the dividend from SKr 3 to SKr 3.75. Astra forecasts an 11 per cent increase in sales for 1987 (to SKr 5.5bn) and says that profits before taxes and allocations should rise at the same rate.

Crédit Suisse advances to record SFr 566m

BY JOHN WICKS IN ZURICH

CREDIT SUISSE, one of Switzerland's "big three" banks, is to propose unchanged dividends of SFr 100 per bearer share and SFr 20 per registered share, following a 12 per cent rise in net profits last year to a record SFr 566m ($365m).

However, the payout will be on increased capital of SFr 1.6bn and well mean a 10 per cent growth in the dividend total to SFr 320.3m.

At the same time, the affiliated company CS Holding will increase its dividends from SFr 6 to SFr 7 per bearer participation certificate and from SFr 1.20 to SFr 1.40 per registered participation certificate. These certificates are linked to the respective categories of bank shares.

CS Holding showed a 27 per cent improvement in 1986 net profits to SFr 23.1m.

The rise in Credit Suisse earnings was due primarily to the expansion of securities business. Net commissions went up 16 per cent to SFr 1.03bn, reflecting record stock-market and underwriting activities, while income from securities increased 21 per cent to SFr 485.6m.

Among other major earnings, net interest and discounts grew 2.6 per cent to SFr 829.2m and profits on foreign exchange and precious metals trading by 8 per cent to SFr 323.2m.

Despite the weaker dollar, the bank's balance sheet expanded 17 per cent last year to a new high of SFr 103.7bn. At unaltered exchange rates, growth would have been as much as 26 per cent, management chairman, Mr Robert Jeker, said yesterday.

Loans and advances rose 11 per cent within the assets total to SFr 44.3bn, due mainly to increased domestic business. The due-from-banks figure went up to 29 per cent, following a 32 per cent jump in time deposits, to SFr 27.9bn.

On the liabilities side, clients' funds increased 12 per cent to SFr 64.8bn, while the due-to-banks total rose 34 per cent to SFr 27.4bn.

Mr Jeker forecast "good results again" for 1987. However, he warned against what he called exaggerated expectations, and said this year and next would not necessarily show as marked an upswing as 1986.

Way clear for Lanerossi sale

BY JOHN WYLES IN ROME

THE ITALIAN Government has cleared the way for what may turn out to be an auction of the Lanerossi textile subsidiary of ENI, the state energy company.

Having made a determined effort in the past four years to turn the company around, ENI has formally judged it a suitable case for privatisation because it does not represent a "strategic" interest for the state sector.

The Government's inter-ministerial committee for industrial policy has now endorsed this judgment with a series of guidelines for its sale.

Principally, these forbid the breaking up of the group although separate sales might be allowed of Lanerossi di Schio, Lebole Moda, Marlane and Cotonificio di Sondrio.

Prospective purchasers would be required to give broad policy guarantees, including some protection for the company's 7,000 workers.

After more than a decade of losses, Lanerossi is now breaking even thanks to a L40bn ($30.7m) investment programme and the spinning off of four companies

Among those reportedly interested in acquiring Lanerossi are Italy's own Benetton, the UK's Vantona Viyella and the French company Dollfus Mieg.

Buoyant Danske Bank up 26%

By Hilary Barnes in Copenhagen

DANSKE BANK boosted its 1986 earnings before extraordinary items by 26 per cent to DKr 1.27bn ($185m).

This was double the earnings of its nearest rival, Copenhagen Handelsbank, which Danske has now outdistanced in terms of advances, deposits, equity capital and balance sheet totals.

Earnings before depreciation and loss provisions increased by a more modest 3.8 per cent to DKr 1.61bn.

Net earnings were hit by large unrealised losses on its bond and share portfolio of DKr 1.3bn, reflecting falling bond and share prices in Copenhagen last year.

Under the Danish bank accounting system, unrealised losses or gains on securities are entered directly into the profit and loss account in the year in which they take place.

The pre-tax net profit was cut from DKr 3.64bn to DKr 138m and net profits from DKr 1.87bn to DKr 52m.

The bank's equity capital increased from DKr 7.49bn to DKr 8.04bn within a balance sheet total up from DKr 129bn to DKr 132bn.

● Privatbanken, the third largest commercial bank, improved its earnings before extraordinary items by 61 per cent to DKr 619m, while net profits fell to DKr 61m from DKr 510m in 1985.

These securities are not registered under the United States Securities Act of 1933 and may not be offered, sold, or delivered, directly or indirectly, in the United States or to United States persons unless an exemption from registration is available. This announcement appears as a matter of record only.

February, 1987

Fuji Photo Film B.V.

U.S.$100,000,000

Eurocommercial Paper Programme

Unconditionally and irrevocably guaranteed by

Fuji Photo Film Co., Ltd.

Arranged by

Nomura International Limited

Dealers

Algemene Bank Nederland N.V.
Bank of Tokyo International Limited
Merrill Lynch Capital Markets
Mitsui Finance International Limited
Nomura International Limited

All of these securities have been sold, this announcement appears as a matter of record only.

DORSEY

The Dorsey Corporation

573,078

Common Stock Purchase Warrants

PaineWebber Incorporated

February 20, 1987

U.S. $200,000,000

First Chicago Corporation

Floating Rate Subordinated Notes due 1992

In accordance with the provisions of the Notes notice is hereby given that the Rate of Interest for the next Interest Period has been fixed at 6.7875% per annum.

The Coupon Amount payable on the 19th May, 1987 will be US$167.80.

Manufacturers Hanover Limited
Agent Bank

This announcement complies with the requirements of the Council of The Stock Exchange. It does not constitute an offer of, or an invitation to the public to subscribe for or to purchase, any securities.

General Motors Acceptance Corporation (U.K.) Finance plc

(Incorporated in England)

£40,000,000

10½ per cent. Notes 1992

guaranteed as to payment of principal and interest by

General Motors Acceptance Corporation

(Incorporated in the State of New York)

Issue Price 101⅝ per cent. and accrued interest, if any

The following have agreed to subscribe or procure subscribers for the Notes:

Hambros Bank Limited

Banque Bruxelles Lambert S.A.	Banque Générale du Luxembourg S.A.
Banque Paribas Capital Markets Limited	Chemical Bank International Limited
Crédit Lyonnais	Credit Suisse First Boston Limited
Generale Bank	Istituto Bancario San Paolo di Torino
Kleinwort Benson Limited	Lloyds Merchant Bank Limited
Merrill Lynch International & Co.	Samuel Montagu & Co. Limited
Morgan Stanley International	Norddeutsche Landesbank Girozentrale
Salomon Brothers International Limited	Société Générale
Swiss Bank Corporation International Limited	S. G. Warburg Securities

Application has been made for the Notes, in bearer form in the denomination of £1,000 each, constituting the above issue to be admitted to the Official List by the Council of The Stock Exchange, subject only to the issue of the temporary global Note. Interest will be payable annually in arrears on 2nd March, the first payment being made on 2nd March, 1988.

Particulars of the Notes are available in the statistical services of Extel Financial Limited. Listing particulars for the Notes may be obtained during usual business hours up to and including 24th February, 1987 from the Company Announcements Office of The Stock Exchange and up to and including 6th March, 1987 from the following:—

Hambros Bank Limited, 41 Bishopsgate, London EC2P 2AA

Cazenove & Co., 12 Tokenhouse Yard, London EC2R 7AN

Banque Belge Limited, 4 Bishopsgate, London EC2N 4AD

General Motors Acceptance Corporation (U.K.) Finance plc, Wesley House, 19 Chapel Street, Luton LU1 2SE

The Securities referred to above have not been registered under the United States Securities Act of 1933 and may not be offered, sold or delivered, directly or indirectly, in the United States of America, its territories or its possessions or to United States persons.

20th February, 1987

This announcement appears as a matter of record only.

NEW ISSUE

19th February, 1987

KYOTARU CO., LTD.

U.S. $85,000,000

3⅛ per cent. Guaranteed Bonds 1992

unconditionally and irrevocably guaranteed by

The Fuji Bank, Limited

with

Warrants

to subscribe for shares of common stock of Kyotaru Co., Ltd.

ISSUE PRICE 100 PER CENT.

Nomura International Limited	**Fuji International Finance Limited**
Algemene Bank Nederland N.V.	Baring Brothers & Co., Limited
Crédit Commercial de France	Credit Suisse First Boston Limited
Daiwa Europe Limited	DKB International Limited
Kleinwort Benson Limited	KOKUSAI Europe Limited
Merrill Lynch Capital Markets	Mitsui Finance International Limited
Morgan Guaranty Ltd	Morgan Stanley International
Nippon Kangyo Kakumaru (Europe) Limited	Sanwa International Limited
Société Générale	Union Bank of Switzerland (Securities) Limited
Yamaichi International (Europe) Limited	Yasuda Trust Europe Limited

Pensions -The Time for Action

19 & 20 March 1987, London

FT FINANCIAL TIMES CONFERENCES

For information please return this advertisement, together with your business card, to:

Financial Times Conference Organisation

Minister House, Arthur Street, London EC4R 9AX.

Alternatively, telephone 01-621 1355 or telex 27347 FTCONF G

£100,000,000 Guaranteed Floating Rate Notes due 1991

Citicorp Overseas Finance Corporation N.V.

(Incorporated with limited liability in the Netherlands Antilles)

Unconditionally guaranteed by

CITICORP

Notice is hereby given that the Rate of Interest has been fixed at 10½% and that the interest payable on the relevant Interest Payment Date, May 19, 1987, against Coupon No. 13 in respect of £50,000 nominal of the Notes will be £1,280.14 and in respect of £5,000 nominal of the Notes will be £128.01.

February 20, 1987, London

By: Citibank, N.A. (CSSI Dept.), Agent Bank

CITIBANK

CITICORP BANKING CORPORATION

(Incorporated with limited liability in the State of Delaware)

U.S.$50,000,000 Floating Rate Notes due August 20, 1989

Notice is hereby given that the Rate of Interest for the period February 20, 1987 to May 20, 1987 has been fixed at 6.7% and that the interest payable on the relevant Interest Payment Date, May 20, 1987 against Coupon No. 3 in respect of US$10,000 nominal of the Notes will be US$165.64.

February 20, 1987, London

By: Citibank, N.A. (CSSI Dept.), Agent Bank

CITIBANK

Notice to all Bondholders and all Warrantholders of

OHBAYASHI-GUMI, LTD.

(NOW OHBAYASHI CORPORATION)

US$50,000,000 7¾ per cent. Bonds due 1990 with Warrants

Notice is hereby given that effective 16 February, 1987 *Mitsui Finance International Limited;* (Custodian) has changed its address to 3 London Wall Buildings, London Wall, London EC2M 5PD.

OHBAYASHI CORPORATION

By: The Toyo Trust and Banking Co., Ltd. as Principal Paying Agent

Dated 20 February, 1987

NOTICE OF INTEREST RATE

KINGDOM OF DENMARK

ECU 150,000,000

***Floating Rate Notes* Due 1990**

NOTICE IS HEREBY GIVEN that the interest rate covering the interest payment period from February 15, 1987 to May 15, 1987 (89 calendar days) has been fixed at 7.1932%. The accumulated interest rate factor per ECU 1,000 denomination is 17.782694.

CITIBANK, N.A., Agent

February 18, 1987

GUARANTEED INVESTMENT CONTRACTS

- US $ Fixed Income Investments
- Offered by AAA Insurance Companies
- Yields Superior to Corporate Bonds
- 125 to 200 Basis Points Above Treasury Yield Curve
- No IRS Witholding
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PACIFIC MATRIX

financial group

15303 Ventura Boulevard, Suite 900
Sherman Oaks, California 91403
(818) 501-0966 FAX (818) 788-1904

The Kingdom of Denmark

U.S.$500,000,000

Floating Rate Notes Due February 2004

For the six months
19th February, 1987 to 19th August, 1987
the Notes will carry an interest rate of 6⅞%
per annum with a Coupon Amount of U.S.$345.66 per U.S.$10,000 Note and U.S.$8641.49 per U.S.$250,000 Note, payable on 19th August, 1987.
Listed on the Luxembourg Stock Exchange

Bankers Trust Company, London

Agent Bank

All of these securities having been sold, this announcement appears as a matter of record only.

February 13, 1987

12,500,000 Shares

HIMONT Incorporated

Common Stock

($1.00 par value)

10,250,000 Shares

This portion of the offering is being offered in the United States and Canada by the undersigned.

Wertheim Schroder & Co. Incorporated

The First Boston Corporation

Goldman, Sachs & Co.

Bear, Stearns & Co. Inc. | Alex. Brown & Sons Incorporated | Dillon, Read & Co. Inc. | Donaldson, Lufkin & Jenrette Securities Corporation

Drexel Burnham Lambert Incorporated | Hambrecht & Quist Incorporated | E. F. Hutton & Company Inc. | Kidder, Peabody & Co. Incorporated

Lazard Frères & Co. | Merrill Lynch Capital Markets | Montgomery Securities | Morgan Stanley & Co. Incorporated

Prudential-Bache Capital Funding | Robertson, Colman & Stephens | L. F. Rothschild, Unterberg, Towbin, Inc.

Salomon Brothers Inc | Shearson Lehman Brothers Inc. | Dean Witter Reynolds Inc. | Eberstadt Fleming Inc.

Allen & Company Incorporated | William Blair & Company | A. G. Edwards & Sons, Inc. | Moseley Securities Corporation

Oppenheimer & Co., Inc. | The Robinson-Humphrey Company, Inc. | Thomson McKinnon Securities Inc.

Advest, Inc. | Arnhold and S. Bleichroeder, Inc. | Robert W. Baird & Co. Incorporated | Bateman Eichler, Hill Richards Incorporated

Sanford C. Bernstein & Co., Inc. | J.C. Bradford & Co. Incorporated | Butcher & Singer Inc. | Cowen & Co.

Dain Bosworth Incorporated | Eppler, Guerin & Turner, Inc. | Fahnestock & Co. Inc. | Furman Selz Mager Dietz & Birney Incorporated

Janney Montgomery Scott Inc. | Ladenburg, Thalmann & Co. Inc. | Cyrus J. Lawrence Incorporated | Legg Mason Wood Walker Incorporated

McDonald & Company Securities, Inc. | Neuberger & Berman | The Ohio Company | Prescott, Ball & Turben, Inc.

Rotan Mosle Inc. | Stephens Inc. | Tucker, Anthony & R. L. Day, Inc.

Wheat, First Securities, Inc. | Adams, Harkness & Hill, Inc. | Brean Murray, Foster Securities Inc.

The Buckingham Research Group Incorporated | Carolina Securities Corporation | The Chicago Corporation | Doft & Co., Inc.

First Albany Corporation | First Manhattan Co. | First Southwest Company | Gruntal & Co., Incorporated

Hanifen, Imhoff Inc. | Interstate Securities Corporation | Investment Corporation of Virginia

Johnson, Lane, Space, Smith & Co., Inc. | Johnston, Lemon & Co. Incorporated | Mabon, Nugent & Co.

Needham & Company, Inc. | Parker/Hunter Incorporated | Anantha Raman & Company, Inc.

R. Rowland & Co. Incorporated | Seidler Amdec Securities Inc. | Swergold, Chefitz & Sinsabaugh, Inc.

2,250,000 Shares

This portion of the offering is being offered outside the United States and Canada by the undersigned.

Wertheim Schroder International Limited

Credit Suisse First Boston Limited

Goldman Sachs International Corp.

Banque Nationale de Paris | Cazenove & Co.

Deutsche Bank Capital Markets Limited | EBC Amro Bank Limited | Istituto Bancario San Paolo di Torino

Swiss Bank Corporation International Limited | Union Bank of Switzerland (Securities) Limited

AECI

AECI LIMITED

(Reg. No. 04/02590/06)

1986 AUDITED RESULTS

Turnover up 20% to R2 819 million
Net trading income up 31% to R332 million
Earnings per ordinary share up 53% to 113 cents
Ordinary dividend increased by 5 cents to 60 cents

Trading results
The directors announce the audited trading results of the Group for the year ended 31 December 1986 as follows:

	R millions 1986	R millions 1985
Turnover (1)	2 819	2 340
Net trading income	332	253
Financing costs (2)	69	91
	263	162
Taxation	105	53
	158	109
Investment income (3)	22	9
Net income	180	118
Preference and outside shareholders' interest	5	4
Net income attributable to ordinary shareholders	175	114
Earnings per share	113c	74c

(1) Includes exports of R236 million (1985—R233 million).
(2) Includes unrealised exchange differences of R25 million (1985—R26 million) on foreign borrowings.
(3) Includes share of after tax net income of associated companies and dividends from foreign subsidiaries.

Dividends
Preference dividend No 97 at the rate of 5,5 per cent per annum for the six months ended 15 December 1986 has been declared and paid. The Board has declared a final ordinary dividend of 35 cents per share. This, together with the interim dividend of 25 cents per share, makes the total distribution for the year 60 cents per share (1985—55 cents). Dividend cover has increased to 1,9 (1985—1,3).

Comments
The volume of domestic sales was 4% higher than in 1985. Substantial increases were recorded in chemicals, plastics and fibres while those sectors of the business more directly associated with consumer demand experienced little if any growth. Export turnover improved marginally despite the higher domestic offtake having reduced the availability of product for sale internationally.

The significant improvement in net trading income stemmed largely from the higher domestic volume together with strict control over fixed operating costs and overheads.

Financing costs reduced by 24% as a result of favourable movements in interest and foreign exchange rates, the benefit of improved cash flow and tight asset management.

The effects of international boycotts and sanctions on trading during 1987 are difficult to assess but various positive indicators suggest the likelihood of moderate economic growth this year, given continued summer rains and reasonable stability in the social and industrial environment. On balance, therefore, it is expected that earnings will show further improvement in 1987.

The annual report will be posted to shareholders during March.

On behalf of the Board

G W H Relly
M A Sander — Directors

Declaration of ordinary dividend No 105
NOTICE IS HEREBY GIVEN that a final dividend of 35 cents per share, in respect of the year ended 31 December 1986, has been declared to holders of ordinary shares registered in the books of the Company at the close of business on 27 March 1987.

Cheques in payment will be posted from the offices of the transfer secretaries in Johannesburg on 24 April 1987. Changes of address or dividend instructions to apply to this dividend must be received not later than 27 March 1987. In terms of the Income Tax Act, dividends payable to persons not ordinarily resident nor carrying on business and to companies not registered nor carrying on business in the Republic of South Africa are subject to deduction of non-resident shareholders' tax at the rate of 13,7025%. The transfer books and register of members will be closed from 28 March to 10 April 1987, both days inclusive.

By order of the Board
M J F Potgieter
Secretary

18 February 1987

Transfer secretaries:

Consolidated Share Registrars Limited
40 Commissioner Street
Johannesburg
and

Hill Samuel Registrars
6 Greencoat Place
London SW1P 1PL
England

Registered office:
16th Floor, Office Tower
Carlton Centre
Johannesburg

This advertisement complies with the requirements of the Council of The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited. It does not constitute an offer of, or invitation to the public to subscribe for or to purchase, any securities. The Notes have not been registered under the United States Securities Act of 1933 and may not be offered or sold in the United States or to U.S. persons as part of the distribution of the Notes.

Guaranteed Export Finance Corporation PLC
(Incorporated in England with limited liability)

U.S.$150,000,000
7⅝ per cent. Guaranteed Notes due 1997

Unconditionally and irrevocably guaranteed by The Secretary of State for Trade and Industry of Her Britannic Majesty's Government acting by the Export Credits Guarantee Department

Issue Price of the Notes: 101 per cent.

The following have agreed to subscribe or procure subscribers for the Notes:

Lloyds Merchant Bank Limited	Samuel Montagu & Co. Limited
Algemene Bank Nederland N.V.	Bank of Tokyo International Limited
Banque Bruxelles Lambert S.A.	Banque Paribas Capital Markets Limited
Barclays de Zoete Wedd Limited	County NatWest Capital Markets Limited
Credit Suisse First Boston Limited	Daiwa Europe Limited
Deutsche Bank Capital Markets Limited	Goldman Sachs International Corp.
Kleinwort Benson Limited	Merrill Lynch International & Co.
Morgan Grenfell & Co. Limited	Morgan Guaranty Ltd
Morgan Stanley International	Nomura International Limited
Orion Royal Bank Limited	Salomon Brothers International Limited
Sumitomo Finance International	Swiss Bank Corporation International Limited
Union Bank of Switzerland (Securities) Limited	S.G. Warburg Securities

Application has been made for the Notes, in bearer form in the denomination of U.S.$ 10,000 each, constituting the above issue to be admitted to the Official List by the Council of The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited, subject only to the issue of the temporary Global Note. Interest on the Notes will be payable annually in arrear on 5th March, commencing on 5th March, 1988.

Listing particulars relating to the Notes and Guaranteed Export Finance Corporation PLC are available in the statistical services of Extel Statistical Services Limited and copies may be obtained during usual business hours from the Company Announcements Office of the Quotations Department of The Stock Exchange, Throgmorton Street, London EC2, up to and including 24th February, 1987 or during usual business hours at the addresses shown below up to and including 6th March, 1987.

Guaranteed Export Finance Corporation PLC, 68, King William Street, London EC4N 7BU
Lloyds Merchant Bank Limited, 40-66, Queen Victoria Street, London, EC4P 4EL
The Chase Manhattan Bank, N.A., Woolgate House, Coleman Street, London, EC2P 2HD
Cazenove & Co., 12, Tokenhouse Yard, London, EC2R 7AN

20th February, 1987

INTL. COMPANIES AND FINANCE

Kuala Lumpur eases limit on foreign broking stakes

BY WONG SULONG IN KUALA LUMPUR

THE *Kuala Lumpur Stock Exchange* is now willing to allow foreign stockbrokers to take more than the present limit of 30 per cent equity in local broking firms.

Mr Nik Mohamad Din, KLSE chairman, said yesterday, however, that the objective must be the introduction of expertise and new business to the exchange, and not to allow the foreign firms to compete with local brokers.

He was commenting on moves by *the Singapore authorities* to allow foreign partners to take up as much as 70 per cent in Singapore broking companies.

Since the Malaysian authorities announced approval for the so-called "corporatisation" of the *KLSE a year ago, only one* foreign company, W. I. Carr, has taken up a 30 per cent stake in a Malaysian securities firm, Seagroatt and Campbell.

A local merchant bank, Arab Malaysian Merchant Bank, has bought a 61 per cent stake in Kris Securities, since renamed Arab Malaysian Securities.

Foreign brokers have welcomed Mr Nik Din's statement. They say the 30 per cent equity limit for foreign participation is quite acceptable, but this rule should be flexible.

Mr Nik Din said three local banks and two other financial institutions were in the final stages of negotiations to invest in brokers.

He said there had been renewed foreign interest in the Malaysian exchange, as evidenced by the good response by foreign institutional investors who have taken up large blocks of shares in Malaysian Airline System, Sime Darby, Consolidated Plantations, and New Straits Times.

Canon's profits tumble by 69%

BY YOKO SHIBATA IN TOKYO

CANON, Japan's top maker of *cameras and office* automation equipment, suffered a 69 per cent drop in pre-tax profits to Y13.18bn ($85.72m) last year, with *its high proportion of exports* adversely hit by the yen's steep appreciation.

It forecast further steep declines in earnings this year and, although Canon is maintaining the latest annual dividend at Y12.50 a share, the company foreshadowed a cut to Y10 in the 1987 payment unless prospects improve.

Net profits were 53.8 per cent lower at Y11.1bn, on turnover of Y539.36bn, down 6.3 per cent from 1985.

The absence of an automatic focus camera in its product line, along with a sharp fall in volume exports in the second half, contributed to a 12 per cent fall in camera sales—these *accounted for 22 per cent of the* total turnover.

Sales of office equipment remained sluggish, down 2 per cent to account *for* 73 per cent of the total, despite buoyant demand for laser-beam printers and facsimile machines. Optical equipment *sales fell* by a quarter, affected by a steep slide in semiconductor manufacturing equipment.

Exports *fell 8* per cent to account for 74 per cent of the total turnover. Export revenue fell by Y110bn despite a Y80bn programme involving mark-ups of selling prices overseas, curbs in production costs and hedging in the forward currency market.

For the current year, Canon sees an operating deficit as inevitable if the yen exchange rate does not improve. Camera sales are expected to recover with the introduction of an autofocus range. The company also intends to expand sales of new products such as home-use photocopiers.

Overall, sales are expected to increase by 2 per cent to Y550bn. *Pre-tax profits* are forecast at Y5bn, down 62 per cent, and net earnings at Y3bn, down 73 per cent.

Steady first-half gain for Bond Corporation

By Our Financial Staff

BOND CORPORATION Holdings, Mr Alan Bond's Australian master company, boosted net profits 26.8 per cent to A$2.9m (SUS35.2m) in its first half to December, which it attributed largely to growth in its Swan and Castlemaine Tooheys brewing business.

Brewing profits rose 52.6 per cent to contribute A$121.3m to operating earnings. The corporate *division* — reflecting share trading and portfolio income—was the second largest contributor, but provided 6.3 per cent *less than in the* previous period at A$23.9m.

● Mr Bert Reuter, chief general manager of Mr Robert Holmes à Court's Bell Group, has resigned to pursue his own interests.

Renison Goldfields income 124% ahead at mid-term

BY STEFAN WAGSTYL

RENISON GOLDFIELDS Consolidated, the 49 per cent-owned associate of the UK's Consolidated Gold Fields yesterday announced a 124 per cent increase in interim net profits to A$22.78m (US$15.2m) due to higher prices and output in the group's mineral sands *division*.

Pre-tax profits from mineral sands rose 88 per cent to A$28.66m in the half year to December. Profits from 60 per cent-owned Pine Creek Goldfields, which is expanding production, were A$7.42m pre-tax, against a loss of A$1.08m. New Guinea Gold profits rose to A$1.06m pre-tax from A$354,000.

However Renison Tin, suffering from the fall in prices following the default of the International Tin Council, dropped *to A$625,000 from* A$2.98m. Profits at the ageing Mount Lyell copper mine in Tasmania slipped to A$1.36m from A$1.4m.

Turnover was A$175.96m against A$111.38m previously.

Net earnings per share rose to 29.8 cents from 15.3 cents. The payout is unchanged at 5 cents

The group says Pine Creek, in the Northern Territory, is to expand its gold output from 55,000 oz a year to 90,000 oz, by installing a new ball mill and other plant at a cost of A$9m. Reserves at the mine are now put at 8.33m tonnes grading 2.86 grams a tonne. The partner in Pine Creek is Enterprise Gold Mines.

Australian horse-racing stable to go public

By Chris Sherwell in Sydney

A COMPANY linked to a well-known Australian horse-racing trainer and breeder is going public in a unique attempt to profit from the country's *thriving* thoroughbred livestock and racing industries.

Called Tulloch Lodge, the company aims to *raise A$15m* (US$10m) from the flotation. The trainer is Mr Tommy (T. J.) Smith, aged 67, who between 1952 and *1985* was the leading trainer in New South Wales.

On offer are 30m fully paid ordinary shares of 40 Australian cents each in Tulloch Lodge, issued at a premium of 10 cents, *and options to* acquire one share for every two taken up through this issue.

Funds will be used to buy assets currently held on option by Tulloch Lodge. These include Mr Smith's horse training and bloodstock dealing activities, the lease of the Tulloch Lodge stable complex, and certain rural properties.

A prospectus released this week forecasts "good growth" *for the thoroughbred* bloodstock and racing industry. It says Australia now offers the world's *highest total* prize money per year *after* the US, and that this leads to increases in the value of bloodstock.

However, the document also points out that the industry "involves risks commensurate with potential profits." The principal source of income initially will be from pre-training charges, training *fees*, prize money and the short-term investment of unused capital.

Income from breding stock retained at the end of horses' racing careers will take about five years to become a major source of income, the prospectus says.

Because bloodstock purchases made at yearling sales will take 18 to 24 months to assess, income from bloodstock trading in the first two years will be minimal.

Mr Smith will receive A$2.25m for his horse training and, in becoming joint managing director under a service agreement with the company, he will also receive A$150,000 a year and an annual bonus of A$35,000 for each A$1m net profit generated by the company's activities.

This announcement appears as a matter of record only.

January 1987

Derek Crouch PLC

has been acquired by

Ryan International plc

We acted as financial advisor to Derek Crouch PLC.

PaineWebber International Capital Inc.

NOTICE OF REDEMPTION
To Holders of

SUMITOMO METAL INDUSTRIES, LTD.
(Sumitomo Kinzoku Kogyo Kabushiki Kaisha)

6% Convertible Debentures
Due March 31, 1992
(The "Debentures")

NOTICE IS HEREBY GIVEN, that Eighty Five Thousand Dollars ($85,000) principal amount of the Debentures and bearing the following serial numbers, have been drawn for redemption for account of the Sinking Fund on March 31, 1987 at 100% of the principal amount thereof, together with interest accrued to that date.

DEBENTURES IN DENOMINATION OF $1,000 EACH

251	29252	29325	29425	29584
252	29256	29326	29426	29585
20001	29259	29327	29429	29586
20004	29262	29330	29533	29591
20005	29268	29381	29536	29594
29203	29274	29382	29537	29596
29205	29287	29384	29540	29597
29206	29290	29389	29541	29603
29211	29293	29393	29543	29606
29217	29294	29398	29548	29612
29225	29296	29400	29552	29616
29226	29300	29405	29559	29619
29228	29301	29408	29562	29637
29238	29302	29410	29563	29642
29242	29305	29411	29564	29647
29243	29316	29416	29566	29649
29251	29323	29422	29581	29681

Holders of the above Debentures should present and *surrender them for redemption* on or after March 31, 1987, with all coupons appertaining thereto maturing after that date at the principal office of any of the following Paying Agents:

The Bank of Tokyo Trust Company, in New York
The Sumitomo Bank, Limited in Brussels
The Sumitomo Bank, Limited in London
Deutsche Bank Aktiengesellschaft in Frankfurt Main
The Bank of Tokyo, Ltd. in London
The Bank of Tokyo, Ltd. in Paris
The Industrial Bank of Japan, Limited in London
Swiss Bank Corporation in Zurich
Bank of Tokyo (Luxembourg) S.A. in Luxembourg
Swiss Bank Corporation in Basle

From and after March 31, 1987, interest on the Debentures so called for redemption will cease to accrue.

HOLDERS OF DEBENTURES SO CALLED FOR REDEMPTION MAY CONTINUE TO CONVERT SUCH DEBENTURES INTO COMMON STOCK OF THE COMPANY BUT SUCH CONVERSION RIGHT WILL EXPIRE AT THE CLOSE OF BUSINESS ON MARCH 31, 1987. THE CURRENT CONVERSION PRICE AT WHICH SUCH DEBENTURES MAY BE CONVERTED INTO COMMON STOCK IS YEN 139.90 PER SHARE OF COMMON STOCK.

SUMITOMO METAL INDUSTRIES, LTD.
By The Bank of Tokyo Trust Company as Trustee

Dated: February 13, 1987

KLEINWORT BENSON FINANCE B.V.

US $50 million
Guaranteed Floating Rate Notes 1991

unconditionally and irrevocably guaranteed as to payment of principal, premium (if any) and interest by

KLEINWORT, BENSON, LONSDALE plc

For the three months 20th February 1987 to 20th May 1987, the Notes will carry a Rate of Interest of 6⅞ per cent. per annum with a Coupon Amount of US $ 84.98

CHEMICAL BANK INTERNATIONAL LIMITED
Agent Bank

Wells Fargo & Company

U.S. $200,000,000

Floating Rate Subordinated Notes due 2000

In accordance with the provisions of the Notes, notice is hereby given that for the Interest period 20th February, 1987 to 20th March 1987 the Notes will carry an Interest Rate of 6⅝% per annum. Interest payable on the relevant interest payment date 20th March, 1987 will amount to US$51.53 per US$10,000 Note and US$257.64 per US$50,000 Note.

Agent Bank:
Morgan Guaranty Trust Company of New York
London

BANQUE INDOSUEZ

US$200,000,000 Floating Rate Notes Due 1997

For the three months 19th February, 1987 to 19th May, 1987 the Notes will carry an interest rate of 7% per annum and coupon amount of US$173.06 per US$10,000 note, and US$4,326.39 per US$250,000 note

Listed on the Luxembourg Stock Exchange by

Bankers Trust Company, London — Agent Bank

U.S. $250,000,000

J.P. Morgan International Finance N.V.

Guaranteed Floating Rate Subordinated Notes Due 1997

For the three months 20 February, 1987 to 20 May, 1987 the Notes will carry an interest rate of 6 13/16 per cent. per annum.

Interest payable on the relevant interest payment date, 20 May, 1987 against Coupon No. 20 will be U.S.$168.42

By: CITIBANK, N.A., London
Agent Bank

INTERNATIONAL CAPITAL MARKETS AND COMPANIES

Three Eurobond issues totalling Y85bn launched

BY CLARE PEARSON

MOST SECTORS of the Eurobond market developed a slightly firmer tone yesterday after announcements that representatives of leading industrial nations would meet at the weekend. This stimulated hopes of a more stable dollar and lower interest rates in West Germany and Japan.

The early improvement in the Eurodollar market triggered two deals totalling $350m, but most attention was focused on the Euroyen sector as three issues emerged, amounting to Y85bn.

These were announced after the Euroyen sector opened about ¼ point higher, but prices of seasoned issues fell during the afternoon on a bout of profit-taking. Dealers said the overhang of recent paper was continuing to weigh on the market.

Daiwa Europe's Y50bn seven-year issue for the World Bank was quoted at 99¾ bid, which was equivalent to its 1⅞ per cent commissions. It was priced at 101½, with a 4⅞ per cent coupon.

LTCB International's Y20bn six-year deal for SNCF, the French railways, was seen as priced in line with secondary market levels. It bore a 4⅞ per cent coupon and was priced at 101½.

Bank of Tokyo's nine-year Y15bn deal for Finland was expected to attract demand mainly from Far Eastern investors, who are keener buyers of longer dated issues than the Europeans. The terms—a 5⅜ per cent coupon and 101⅞ issue price—were seen as slightly aggressive. It was both bid and offered at a discount of 2 per cent, the level of its commissions.

In the Eurodollar fixed rate market prices of seasoned bonds firmed by around ⅛ point, although yield spreads widened as the Eurobond market lagged the gains achieved by US Treasury bonds.

The slight improvement helped lift the prices of Wednesday's $675m worth of fixed rate bonds, encouraging Union Bank of Switzerland (Securities) to issue a $250m deal for General Electric Credit Corporation.

The five-year 7⅛ per cent issue was seen as tightly priced since it provided an initial yield margin of only 33 basis points over US Treasury bonds at launch. But the lead-manager said it was in line with the trading level of an outstanding deal for GECC which matures in 1991.

The issue, priced at 101.65, was quoted at a bid price of less 2.10 points, outside its 1⅞ per cent fees.

Morgan Guaranty launched a $100m seven-year 8 per cent issue of loan participation certificates by Morgan Guaranty GMBH for Sanwa Bank's London branch. The issue was priced at 101⅞ to give a yield spread of 85 basis points over US Treasury bonds, about 10 basis points above the levels at which outstanding comparable bonds for Japanese banks were trading. The lead-manager said this was to take account of the complications of the structure of the deal.

Dai-Ichi Kanyo Bank led an Ecu 75m five-year issue for the Mortgage Bank of Denmark as Ecu bond prices firmed by around ½ point. The issue carries a 7⅜ per cent coupon and has a 101⅞ per cent issue price.

In the D-Mark market, prices firmed by about ⅛ point on the day in higher than usual volume. Dealers said there was increased buying activity although longer-dated bonds were in little demand.

In Switzerland, prices were mainly unchanged in less active trading. Electricite de France's issue closed its second day's trading unchanged at 99, 1½ points below its issue price.

Credit Suisse led a SFr 150m five-year equity warrants issue for Misawa Homes. The issue has an indicated coupon of 1⅞ per cent and indicated par price. It is callable after two years at 101½ and then at declining premiums.

Union Bank of Switzerland led a five-year note issue for Nagasakiya, the Japanese chain store operator. The SFr 100m issue carries a 4⅞ per cent coupon and is priced at 100½. It is callable after two years.

S. G. Warburg Soditic announced the second tranche of a bond for FAI Financial Services. The tranche, which matures in 2001 and has a 6 per cent coupon, is for up to SFr 140m. It will be priced on February 24 in line with the trading level of the existing tranche at that time.

The first SFr 60m tranche, launched last autumn, was trading at around par yesterday.

Banque Internationale à Luxembourg announced a Lux Fr 250m 7⅜ per cent issue for the Council of Europe. The deal, which matures in August 1992, is priced at par.

NYSE calls for self-policing by firms

BY RODERICK ORAM IN NEW YORK

NEW YORK Stock Exchange has ordered its member firms to step up their internal supervision and legal compliance functions in an effort to improve the integrity of the market in the wake of recent insider trading scandals.

The exchange emphasised to its members that they must bear the primary responsibility for stamping out illegal activities: "We must look to you—the industry's first line of defence—to shoulder the main burden of protecting the quality and integrity of the nation's securities markets."

Criminal charges brought last week against past and present senior executive of Kidder, Peabody and Goldman, Sachs, two leading Wall Street firms, alleged that they had engaged in illegal insider trading. The authorities have also subpoened those two firms

Morgan Stanley to open in Frankfurt

By Haig Simonian in Frankfurt

MORGAN STANLEY, the US investment bank, is opening a Frankfurt office in early April to take advantage of the liberalised West German capital market. The decision follows a similar move by Salomon Brothers last year.

Morgan Stanley has already obtained a banking licence for its West German subsidiary, which became a member of the Frankfurt stock exchange in mid-January.

The Frankfurt operation intends to offer a full range of investment banking services, including lead-managing D-Mark issues. Mr Detlef Mueller-Witte, who joined Morgan Stanley last autumn from BHF Bank, where he was a director in the new issues department, will head the D-Mark new issues side. Mr Olav Ermgassen, previously with Morgan Guaranty in Tokyo, will be joint managing director with responsibility for corporate finance and non-DM business.

Morgan Stanley has already established a strong reputation for D-mark business in London; the bank claims to have by far the largest share of turnover in D-Mark securities among US investment banks. Secondary market trading will continue in London, according to Mr Mueller-Witte, alongside a new trading operation in Frankfurt. No decision has yet been made about centralising D-Mark secondary market business in Frankfurt.

Bank office staff for the subsidiary have nearly all been recruited, and a number of trading and new issues professionals have also been signed up. Most have been hired locally, putting further pressure on the already very tight market for both back office and dealing staff in Frankfurt.

Chevron may sell Gulf concession

By Angela Dixon in Dubai

CHEVRON of the US is understood to have decided to sell its interest in an offshore concession in Ras al Khaimah of the United Arab Emirates, near the Straits of Hormuz.

The 30.46 per cent shareholding is held by Chevron subsidiary Gulf Offshore Ras al Khaimah Petroleum, and was acquired when Chevron took over Gulf's assets some years ago.

The other partners in the concession are likely to be given first refusal on Chevron's share but there has also been some interest among locally-based companies. At least two of these are believed to have been seeking finance for the deal.

The other partners are: International Petroleum, part of the Lundin group, 17.32 per cent; Overseas Petroleum and Investment, a Taiwanese-based concern, 21.22 per cent; Wintershall UK, 6 per cent; Wintershall AG, 5 per cent.

The proposed sale is seen as part of Chevron's worldwide efforts to streamline operations and reduce debt.

Chevron announced recently that sales of assets realised $850m during 1986. These included the company's marketing assets in the north-eastern US, G.A Technologies, part of Chevron's investments in Cetus, and the Paraquat and Gulf Lite marketing rights. The company had asset writeoffs in 1986 of $359m.

Ras al Khaimah's Saleh offshore oilfield began production in 1983. The first well tested at 5,588 barrels per day of 45.5 API crude.

Through its Gulf subsidiary, Chevron also holds a 25 per cent interest in Ras al Khaimah's onshore field.

Although discussions with partners and other potential investors have already begun, the Government of Ras al Khaimah has not yet been officially told of the proposed sale.

Yoko Shibata on Japanese discretionary fund management moves

Clamp-down on Tokkin abuses

JAPAN'S financial authorities are clamping down on abuses by institutional investors of the so-called Tokkin funds, or specified money trusts.

The Tokkin funds have been among the main players in the country's volatile stock market in the past year, being the instruments frequently chosen by life insurance companies and industrial companies for investing aggressively their surplus funds, a practice known as zaitech (financial technology). The outstanding balance of official Tokkin funds more than doubled last year to Y11,000bn ($71.6bn). However, widespread abuses of fund management have emerged.

Life insurance companies, in particular, have taken advantage of the Tokkin accounting rules to conceal poor investment decisions. Securities companies, moreover, have set up quasi-Tokkin funds, illegally offering a guaranteed rate of return to investors on their discretionary management of the trust.

The Ministry of Finance recently told insurance companies to adopt more rigorous accounting rules for their Tokkin funds, and it has decided to speed up the implementation of the new investment advisory law with the aim of cutting down on discretionary fund management.

Tokkin funds first became popular a few years ago among corporate treasurers seeking ways to invest their rising flow of surplus funds. The attraction of the Tokkin regime was that it allowed share investments to be held anonymously and separately from long-term, or strategic, holdings. Japanese companies commonly have large strategic stakes in other companies to cement business relationships.

A related advantage was that the price at which shares were purchased for the Tokkin funds did not have to be applied to the strategic shareholding. If shares had been purchased and added to the strategic holding then the entire holding would have had to be revalued and capital gains tax paid.

Tokkin funds were also easy to set up and manage. All that was required was to sign a "specified money trust agreement" with a custodian trust bank and decide on whether to manage the fund directly or have it managed by the trust bank.

The feature of the Tokkin regulations which attracted the insurance companies was the potential for large capital gains. Under Japanese law, all capital gains made by insurance companies must be taken to reserves, rather than used for dividend payments. Thus, the Tokkin funds have enabled the insurance companies to accumulate huge hidden reserves. According to one estimate, the hidden reserves of the top five life insurance companies alone total Y15,000bn.

When the life industry registered Y1,000bn worth of foreign exchange losses on its investments in foreign bonds in the 1985 fiscal year, an executive of one life insurance company asserted: "Because we have enormous hidden reserves, foreign exchange losses will have no impact on our dividend or our management." The same factor presumably explains their lack of complaints following the sharp plunge of the dollar against the yen last year.

In addition, when shares decline sharply in value, as they did last autumn in Tokyo, Tokkin investors can conceal the losses because Tokkin accounts are based on the cost of acquisition of the shares until they are actually sold.

A MoF official said: "It is not ideal to have unspecified Tokkin investment valuation profits and losses on balance sheets." The authorities believe that the "cost" basis of accounting has led to lamentable asset management by insurance companies.

As a first step towards making the life insurance companies perform better, the MoF has recently given them guidance to appraise Tokkin funds using the "cost or market, whichever is lower" principle, with effect from the current tax year to March 1987.

The ministry hopes this change of method will also discourage excessive speculative investment by Tokkin funds held by small financial institutions and commercial organisations.

As for the controversial "Eigyo Tokkin" funds—devised by brokerage houses to coax companies to invest in trusts with a "guaranteed" return of around 7 to 8 per cent—the authorities believe that the implementation of last November's Investment Advisory Law will stamp out this illegal practice.

Under the new law, all fund managers must have a MoF licence to practise discretionary management. Up to now, only trust banks have been legally allowed to manage funds for others, but the absence of specific legislation enabled many unqualified people to do it.

The eight big stock exchanges in Japan, including Tokyo, are to tighten curbs on margin trading from today in an effort to dampen mounting stock market speculation.

The moves came as the Tokyo Stock Market made one of the largest one-day gains to a record peak yesterday in heavy volume of 1.4bn shares. Trading has become overheated because of the enormous amount of liquidity in the Japanese market.

The TSE will permit only 50 per cent of the market value of securities to be used for collateral for stock trading or credit, a reduction from the existing 60 per cent. The cut means less credit will be available for investors to use to buy or sell stocks on margin.

Assessment rates for collateral on loan transactions is likely to be cut in the same way.

The margin buying balance on the Tokyo, Osaka and Nagoya exchanges increased last week for a fourth consecutive week, to reach Y4,344.5bn

Warrants for Mitsubishi Corporation

By Our Financial Staff

GOTTARD BANK, the Swiss institution which is controlled by Sumitomo Bank of Japan, yesterday launched an offer of covered warrants allowing the purchase of shares in Mitsubishi Corporation.

Each of the 50,000 warrants entitles the holder to buy 50 Mitsubishi shares. They are exercisable for just under seven years from April 1, at a price of Y743. This compares with a closing market level in Tokyo yesterday of Y1,090.

The warrants themselves are priced at SFr 245.

Sweden plans to ease banking sector curbs

BY SARA WEBB IN STOCKHOLM

THE Swedish Finance Ministry has proposed the introduction of temporary legislation to allow more freedom in the banking sector in a direct response to recent developments in the structure and ownership of Swedish banking groups.

At present, Swedish banking legislation does not cover holding companies which in turn control a bank. However, recent developments in the banking sector have forced the ministry to consider ways of regulating holding companies.

Last year Proventus, an investment company, announced that it would set up a new holding company structure controlling Gotabanken, the country's fourth largest publicly quoted bank, as well as Wermlandsbanken, one of the regional banks, and various brokerage and finance companies.

The chief worry was that the holding company could remove capital from the bank, thereby endangering savers' deposits.

£100m facility for UK housebuilder

By Alexander Nicoll

McCARTHY and Stone, a UK housebuilder, has mandated National Westminster Bank to arrange a £100m multiple option facility, the latest in a series of such deals for British borrowers.

The three-year facility will employ the tender panel structure enabling the borrower to offer acceptances or receive advances.

Of the total amount, £70m is to be committed, with a maximum spread of 50 basis points above London inter-bank offered rates.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on February 19

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey National 7½ 92	200	98½	99	+0¼	+0⅛	7.81
A/S Eksportfinans 7½ 93	100	99⅛	99⅝	+0⅛	0	7.49
Australia Com. 11 95	200	116⅜	116⅞	+0⅛	+0⅜	8.16
Australia Com. 11¼ 00	100	116¾	117⅛	+0⅛	+0⅞	8.99
BP Capital 9⅜ 94	100	107¼	107⅝	+0⅛	+1⅛	7.71
British Telecom 7⅝ 96	250	97⅛	97⅝	+0⅛	−0⅛	8.02
Campbell Soup 10½ 95	100	112½	113⅛	−0⅛	−0⅛	8.34
Canada 9 96	1000	107½	108	+0⅛	−0⅛	7.77
Canadian Pac. 10¼ 95	100	108⅝	109⅛	0	−0⅛	8.84
CCCE 7½ 91	115	99⅛	99⅝	+0¼	+0⅛	7.24
CNCA 7¼ 91	150	99⅛	99⅝	+0⅛	−0⅛	7.40
Citicorp 8¼ 93	200	99⅝	99⅞	+0⅛	+1½	8.31
Credit Lyonnais 9 91	200	105⅝	105⅞	+0⅛	+0⅛	7.33
Credit National 9⅛ 93	150	106¼	106⅝	+0⅛	0	7.73
Credit National 7¼ 91	150	99⅝	99⅞	+0⅛	0	7.34
Denmark Kingdom 7⅛ 92	500	97½	98	+0⅛	−0⅛	7.48
Denmark Kingdom 8¼ 91	300	102⅝	103⅛	+0⅛	+0⅛	7.44
EEC 7 91	100	99⅛	99⅝	+0⅛	0	7.21
EEC 8⅛ 96	100	103⅛	103⅝	+0⅛	0	7.72
EEC 8⅝ 91	150	105⅛	105⅝	+0⅛	0	7.84
EIB 7⅝ 93 A	100	99⅞	100⅛	+0⅛	−0⅛	7.64
EIB 7⅝ 93 B	100	99⅝	99⅞	0	−0⅛	7.71
Eurofima 7¼ 91	100	101⅝	102⅛	+0⅛	+0⅛	7.22
Finland 7⅞ 97	100	99⅝	99⅞	+0⅛	−0⅛	7.93
Finland 7½ 93	200	98⅝	99⅛	+0⅛	−0⅛	7.86
Ford Motor Cred. 10½ 91	150	110⅛	110⅝	+0⅛	−0⅛	7.77
Ford Motor Cred. 11⅜ 90	100	110⅛	110⅝	+0⅛	0	7.29
Gen. Elec. Cred. 10¼ 00	200	†106⅛	106⅝	+0⅛	0	9.35
GMAC 10¼ 89	200	106⅛	106⅝	+0⅛	−0½	6.99
GMAC 8½ 93	200	103¼	103⅝	+0⅛	−0½	7.79
IADB 9⅞ 95	200	111¼	111¾	−1⅛	−1	8.00
Liberty Mutual 8½ 96	150	102½	103	+0⅛	+0⅛	8.06
LTCB of Japan 8 91	100	102⅛	102⅝	0	0	7.34
Merrill Lynch 8⅜ 91	100	103½	104⅛	+0⅛	+0⅛	7.77
Mercds.-Benz Cred. 7½ 93	100	101	101½	+0⅛	+0⅛	7.24
Mitsubishi Fin. 7⅞ 93	100	99⅛	99⅝	+0⅛	−0⅛	7.96
Mutual America 7⅝ 92	100	100	100⅛	+0⅛	0	7.59
Nissin Steel 7⅜ 92	75	*†99⅛	99⅝	0	−1⅛	7.72
Norway Kingdom 7¼ 91	500	99⅞	100⅛	+0⅛	−0⅛	7.20
Pepsico Inc. 7⅜ 93	200	98⅛	98⅝	+0⅛	+0⅛	7.45
Qantas Airways 10⅝ 95	140	112½	113	+0⅛	−0⅛	8.20
Queensland Govt. 10¼ 95	100	111⅛	111⅝	+0⅛	+0⅛	9.24
Ralston Purina 11⅜ 95	150	†115¼	115⅝	+0½	−0⅛	8.98
Saab Scania 9½ 91	125	106⅛	106⅝	+0⅛	+0⅞	7.59
Saskatchewan 10⅞ 92	100	112⅛	112⅝	+0⅛	−0⅛	7.46
State Bk. S. Aust. 9⅛ 93	100	106	106½	+0⅛	+0⅛	7.92
Statoil 10 90	170	107⅛	108⅛	+0⅛	0	7.28
Swed. Exp. Cred. 7¼ 91	100	99⅛	99⅝	+0⅛	0	7.40
Swed. Exp. Cred. 10 92	100	110⅛	110⅝	+0⅛	+0⅛	7.47
Sweden 8⅜ 96	200	105⅛	105½	+0⅛	−0⅛	7.93
Sweden 10¼ 92	250	112⅛	112⅝	+0⅛	+0⅛	7.46
Sweden Kingdom 10⅞ 90	200	110⅝	110⅞	−0⅛	−0½	7.06
Sweden Kingdom 7 91	250	98¾	99¼	+0⅛	+0⅛	7.25
Taiyo Finance 7¼ 94	100	98½	99⅛	+0⅛	−0⅛	7.99
Toyota Motor Cred. 8 89	100	102	102⅛	+0⅛	−0⅛	6.96
Toyota Mtr. Cred. 7⅛ 92	150	98⅝	99	0	−3	7.46
Victorian Rep. 11⅜ 92	150	115¼	115⅝	+0⅛	+0⅛	7.86
World Bank 7 92	300	99⅛	99⅝	+0⅛	−0⅛	7.15
World Bank 8½ 16	150	†99⅞	100⅛	+0⅛	−0⅛	8.48
Yasuda Trust Fin. 8½ 93	100	102⅝	103⅛	+0⅛	−0⅛	7.89

Average price change on day +0¼ on week −0⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 8 94	200	109¼	109¾	+0½	−1	6.37
Austrian Elec. Co. 6½ 95	150	101¼	102¼	0	0	6.24
BMW 5¼ 96	200	92¼	92¾	0	0	6.35
Daimler Benz Int. 5¼ 01	500	92	92½	+0⅛	+0⅛	6.59

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Am. Expr. OS. Cr. 5¾ 91	20	103¼	103¾	+0⅛	−0⅛	4.91
Denmark 6⅜ 96	15	106¼	107⅛	+0⅛	−0⅛	5.39
Denmark, Kingdom 5⅛ 92	130	100⅞	101¼	0	−0⅛	4.89
GMAC 5¾ 91	60	101⅝	102⅛	+0⅛	−0⅛	4.90
Sweden, Kingdom 5¾ 94	50	101	101½	+0⅛	+0⅛	5.25
Sweden, Kingdom 5¾ 95	20	102⅛	102½	0	−0⅞	5.29

Average price change on day +0⅛ on week −0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
AB Electrolux 14½ 90 AS	50	98⅝	99⅜	0	−0⅛	14.43
Amatil Fin. 14⅜ 90 AS	40	98½	99½	+0⅛	−0⅛	13.65
Amro Bank 14¼ 90 AS	60	99⅝	100⅛	0	+0⅛	14.16
BHP Fin. 14¼ 92 AS	75	99¼	100	+0⅛	+0⅛	14.50
Colgate-Palm. 14¼ 91 AS	75	98⅝	99⅛	0	−0⅛	14.42
GMAC 12⅞ 89 AS	40	95⅛	96⅛	+0⅛	−0⅛	14.95
McDonald Syst. 14½ 94 AS	50	100⅝	101⅛	+0⅛	−0⅛	14.22
World Bank 14⅛ 92 AS	100	†98⅞	99⅜	−0⅞	−1	14.38
Canadian Pac. 10⅜ 90 C$	75	†104⅛	106⅜	−1	−0½	8.15
Chrysler Corpn. 10 91 C$	75	100⅛	100¾	−0⅛	−1	9.98
Geostar Fin. 11¼ 95 C$	75	†107⅛	108⅛	+0⅛	−0½	10.25
GMAC 9⅛ 92 C$	75	100⅛	101⅛	−0⅛	−0⅛	9.01
Royal Trustco 10⅜ 90 C$	75	†104	104½	−1	−0⅛	8.98
Sears Acc. 10⅜ 92 C$	75	†104⅛	104⅝	+0⅛	−0⅛	9.53
Coca-Cola F. C. 17 90 NS	75	†101½	102½	+3½	+2⅛	16.09
Denmark 17½ 89 NS	50	*†101½	101½	0	−1½	16.55
Unilever Cap. 17½ 89 NS	50	†99	100	+1½	−1⅛	17.58
Copenhagen City 9 95 Ecu	40	*†101⅛	102⅛	0	0	8.68
EIB 7⅝ 91 Ecu	200	*†99⅝	100⅛	0	+0⅛	7.40
EIB 8⅝ 93 Ecu	100	*†104¼	105¼	0	−0½	7.56
Walt Disney 8¼ 94 Ecu	62	*†103½	104	0	−0⅛	8.83
Finland 6 91 Fl	100	100	100½	0	0	5.93
Mort. Bk. Denmark 6 93 Fl	250	98⅛	98⅝	0	−0⅛	6.39
Thyssen 7¼ 90 Fl	50	103	103½	0	−0⅛	6.18
Wessanen 6¼ 90 Fl	50	101½	102	0	−0⅛	6.18
World Bank 5⅜ 91 Fl	100	99½	100	0	0	5.80
Australia Com. 11 92 £	40	†102⅞	103⅝	+0⅛	+1⅛	10.17
Imp. Chem. Inds. 10 03 £	100	†94¼	94⅝	+0½	+1½	10.72
Imp. Chm. Inds. 10⅜ 92 £	75	†103⅛	103⅞	+0½	+2⅛	9.84
Invst. in Inds. Int. 10 93 £	60	97⅛	98⅛	+0⅛	+1⅛	10.44

THE PROPERTY MARKET By PAUL CHEESERIGHT

Lure of W German financing costs

LEADING BRITISH property groups are moving strongly into the West German market, but their interest coincides with an increase in the availability of local funds for property investment. Competition for sites and developed properties is intensifying.

"Although it is difficult to point to any dramatic lowering of yields, the major investors have been more adventurous in their purchasing policies, whether by acquisition or mixed portfolios at prices which probably would not have been realised in the early 1980s or by entering into direct development situations," Weatherall Green and Smith, chartered surveyors, said in their annual report on the state of the market.

"We would have been there in a bigger way if we had had more opportunities," Hammerson said. "This is the area we would like to do most business in outside England," Mr Roger Squire, development director at MEPC, commented.

Groups like these, with Slough Estates, Brixton Estate and other investment companies have been on the market for over a decade. They are now joined by companies with a stronger tendency to develop and trade — London and Edinburgh Trust and Oldham Estates, for example. "The pressure is now intense, but the property is not there," Mr Christopher Bull-Diamond, who runs Weatherall's German operation, said.

A principal reason is that, although property has always been a favoured institutional investment in Germany, more finance is now available. Weatherall said that, because of German domestic legislation, institutional investors could not consider significant investment abroad.

"Although the performance of German equities during 1984 and 1985 meant that attractive alternative returns could be generated from this sector, investors have subsequently had to be more selective in their equity purchases and this has, if anything, led to an even greater weight of domestic money being retained for property investment," the Weatherall report noted.

German life insurance companies are thought to have put over DM 4.5bn (£1.61m) into property during 1986, while open-ended property funds, sponsored by the banks and attracting private investment funds, attracted additional funds of more than DM 1bn, most of which probably went into property.

So the British companies have had to compete with strongly entrenched local institutions and the competition has not stopped there. Private individuals and family trusts play a bigger role in the German property industry than in the UK—often they pump money into retail projects. At the same time potential owner-occupiers have been active on the market, both major industrial concerns and the banks.

Mr Bull-Diamond said foreign investors were most noticeably influential in the central areas of leading cities. Their advantage was their ability to make quick decisions. In a country where For Sale boards and the full range of marketing techniques for property are rarely seen, speed off the market and shrewd market intelligence are essential.

"Invariably when a foreign company does a deal, the underbidder is German," Mr Bull-Diamond said. This does not only apply to British companies. Traditionally the Dutch have been heavy investors in German property and last year was seen as a good year for PGGM and Rodamco.

The attraction for the British companies goes beyond the obvious one of having a stake in the most powerful economy in Europe. They are able to obtain a return from properties more quickly than is normally the case in the UK, although yields average out at broadly the same levels.

Weatherall estimates that net yields for offices in prime central areas have been running between 4.75 per cent and 5.25 per cent; for retail properties, again in prime central areas, between 4.5 per cent and 5.25 per cent; and for modern and well-located warehousing and industrial property between 7.5 per cent and 9.5 per cent.

The key is the cost of financing. The leading British groups tend to follow a policy of financing in local currency. Brixton Estate, which has some £21m of D-Mark borrowing on its books, borrows long-term from the Landesbanks, often at less than 6.5 per cent.

"It's reasonable to make a return from Day One," Mr Robin Wilson, the finance director said. The company is active in Duesseldorf's industrial property market.

MEPC, active on the Frankfurt office market, favours unsecured D-Mark loans, raised on the international capital markets, and currently has Hammerson has just raised DM 150m in 6 per cent bearer £37.6m worth outstanding. bonds to finance retail developments in Bremen, Essen and Cologne.

Lower financing costs than in the UK make it easier for the investment companies to come to terms with a leasing system which eschews five-year rent reviews on the British pattern. For all but small lettings, lease agreements tend to be for 10 years, with rent levels tied to the retail price index. During the earlier part of the decade this meant increased revenues for the porperty owners of perhaps 2 per cent to 3 per cent; in 1986 there was a 1 per cent reduction.

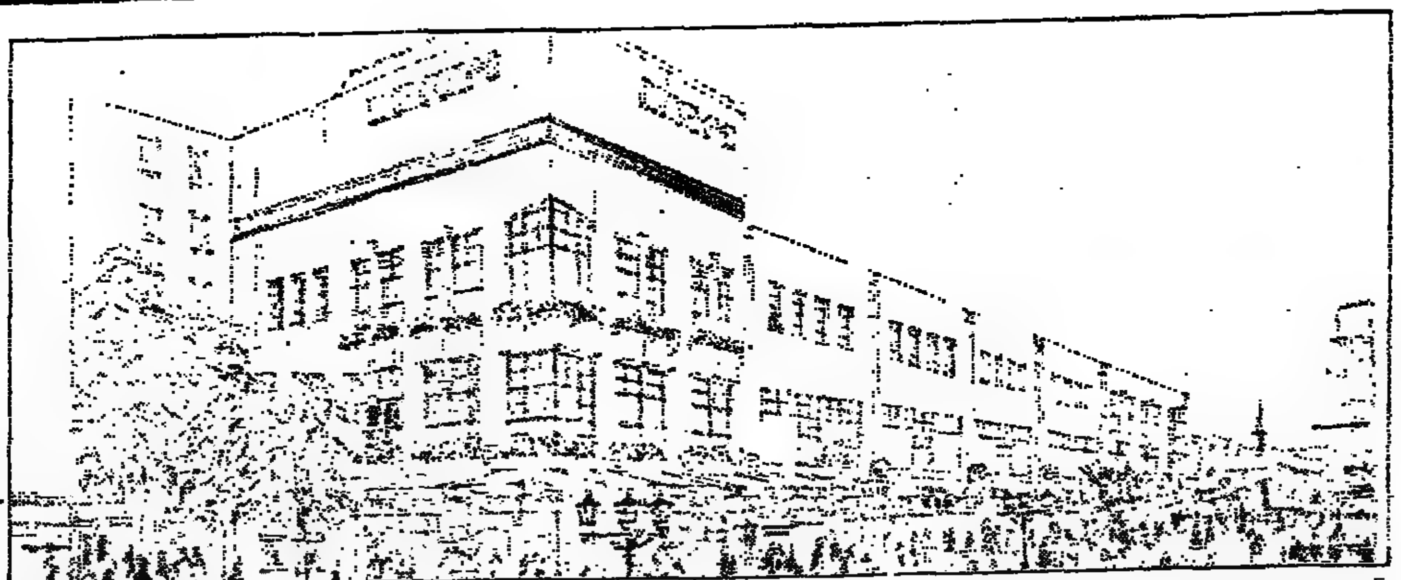
There are few attractions for the smaller property companies, then trade on the property. But, forcing them to develop and like the big property investment groups, they have had the advantage of the D-Mark's appreciation against sterling.

In terms of market conditions, however, there are parallels between the German and the British situations. In Frankfurt, Munich and Stuttgart there is an overall shortage of offices, Weatherall noted. "More importantly, in the central business districts virtually no modern accommodation is available for immediate occupation." This is rather like the City of London, but not like British provincial centres.

Both the German and the British public have been using their increased spending power in the shops, prompting a boom in retail property. But there has not been the same drive to out-of-town shopping in Germany as in the UK. Planning consents are difficult to obtain and German cities have tended to spend more than British on improving in-town facilities, so that the out-of-town demand has been kept at bay.

With strong demand for retail space, rents have been climbing. "We rely not on what the rent down the road was, but on what our clients are prepared to pay," Mr Bull-Diamond said.

The industrial market has not had quite the same buoyancy, but demand has been healthy, in Weatherall's assessment. In the UK, by contrast, healthy demand for industrial space has largely been confined to the south-east.



Hammerson's proposed new store in Essen—part of a £30m redevelopment the company is planning for two stores in Bremen and Essen acquired from the Hertie retail group

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JONES, Lang Wootton and Weatherall Green and Smith are the only two British chartered surveyors to stay the course in West Germany in any strength. Both set up in Frankfurt in 1973.

They were just in time for the property crash, which affected West Germany less dramatically than the UK.

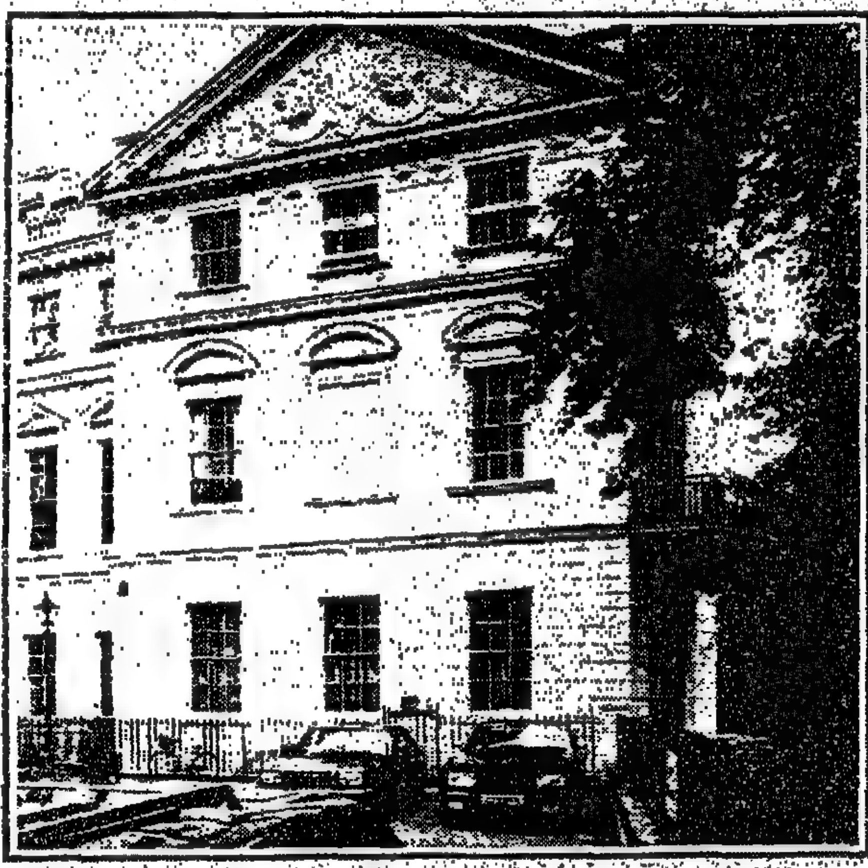
West Germany was the last country in western Europe which the surveyors sought to penetrate. Richard Ellis, de Groot Collis and Debenham Tewson and Chinnocks all had a presence but decided to withdraw. Gooch and Wagstaff maintain a small office.

Jones Lang Wootton is the bigger of the two survivors with around 50 employees, about double the number at Weatherall.

Jones Lang has spread out from Frankfurt to Hamburg and Duesseldorf; Weatherall has concentrated its forces in Frankfurt.

Jones Lang sought from the outset to build up a strong office agency and investment team, geared largely towards the German institutions and domestic clients. Weatherall set out to represent foreign clients on the investment market and build up an office agency business in Frankfurt, but did not seek to spread out much further, except in the retail sector.

Both have sought to document and research the German market to a greater degree than domestic agents.



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FT LAW REPORTS

Court has no power to go behind arbitrator's primary findings

UNIVERSAL PETROLEUM CO LTD v. HANDELS UND TRANSPORT GESELLSCHAFT MBH

Court of Appeal (Lord Justice Kerr and Lord Justice Nourse): February 17 1987

THE COURT cannot order an arbitrator to give reasons for his primary findings in a reasoned award which is otherwise unappealable.

The Court of Appeal so held when allowing an appeal by Universal Petroleum Co Ltd, *sellers of oil, from a decision* made in chambers by Mr Justice Webster. The judge had granted an application by the buyers Handels und Transport Gesellschaft mbH, for remission of a reasoned arbitration award for further reasons.

Section 1 of the Arbitration Act 1979 provides: (4) The High Court shall not grant leave [to appeal from an arbitration award] unless it considers ... determination of the question of law ... could substantially affect the rights of one or more of the parties ... (5) ... if ... (b) ... it appears to the High Court that the award ... does not sufficiently set out the reasons for the award, the court may order the arbitrator ... to state the reasons. ..."

LORD JUSTICE KERR giving the judgment of the court, said a contract for the sale of a cargo of oil was made by telex in April 1983. It provided for arbitration in England.

There was a dispute about it terms. They included specifica*tion of the required density and* Reid Vapour Pressure (RVP), which could be measured and stated with precision according to the number of decimals used.

The first issue was whether the specified maximum density and RVP formed part of the contractual description of the cargo, or whether the contractual description was merely "unleaded gasoline" so that the specification was only concerned with quality.

The second issue concerned inspection and certification of the cargo by independent surveyors before loading. There was a dispute as to whether the certificate constituted conclusive evidence. If the contract was simply subject to Incoterms, the certificate was not conclusive. If it also incorporated Exxon terms to the extent that the Incoterms were silent, it was conclusive and binding.

The analysis in the certificate stated the density to four decimals and the RVP to three decimals. The contractual requirements for the first three and two decimals respectively were complied with.

The sellers contended that the additional decimals, purporting to show an excess in density of less than 1/10,000 and in RVP of less than 1/1,000 were irrelevant. The buyers contended the certificate conclusively demonstrated that the cargo constituted breach of condition. They treated the tender as wrongful repudiation of the contract, ordered the vessel to sail without loading and claimed substantial damages.

The arbitrator, Mr Bruce Reynolds, made a reasoned award. He concluded that specified density and RVP did not form part of the contractual description, but were only relevant to quality. Due to the extra decimals he held that the cargo was not in accordance with the contract, but that the sellers "were in no way in repudiatory breach."

Since the claim was solely for wrongful repudiation, he dismissed it altogether.

His reasons included findings that the buyers had confirmed by telex that they had bought "unleaded gasoline," and that in a section of the telex message entitled "quality" they had set out specifications of the product including "Density ... RVP ... Inspection at load port ... General terms and conditions as per Inco terms ..."

The buyers sought leave to appeal and/or to remit the award for reconsideration and further reasons.

Their application came before Mr Justice Webster on May 21 1986. They asserted that no reasonable arbitrator could have found that the contract was contained in the telex, and that the goods were "unleaded gasoline."

The judge ordered the abitrator to state further reasons to elicit the basis of those findings. The "schedule of further reasons" read like a cross-examination of the arbitrator for the purpose of a rehash in court of the arguments advanced in the arbitration, so that the court might decide whether leave to appeal should be granted in the light of supplemented reasons.

It had been made clear again and again that the Arbitration Act 1979 manifested "Parliament's intention to promote greater finality in arbitral awards ..." (per Lord Diplock, *The Nema [1982] AC 724).*

Mr Justice Webster clearly had misgivings about the application and its outcome, and gave leave to appeal from his decision.

The application was wrong in principle and should have been rejected out of hand.

If the course adopted were correct it would have the most serious implications. There would be no limit on applications designed to circumvent the primary findings of arbitrators.

The court was bound by *The Barenbels [1985] 1 Lloyd's Rep 528* and the approval that gave to *Mondial Trading [1980] 2 Lloyd's Rep 376.*

In *Mondial Trading* Mr Justice Robert Goff said that the court would generally decline to make an order under section 1 (5) requesting further reasons unless, before the award was made, one of the parties asked the arbitrators to set out in their reasons the evidence on which they based the relevant finding.

In *The Barenbels* Lord Justice Robert Goff said that if an appeal on whether there was evidence to support a finding of fact were to be brought "it must be based on material contained in the award and reasons ... and cannot be based on extraneous evidence."

Those authorities were conclusive. The appeal would therefore be allowed and the order for the schedule of further reasons be set aside.

The relevant tests for deciding whether to grant leave to appeal had been laid down in *The Nema* and *The Antaios [1985] AC 191.* But the underlying statutory test must not be forgotten. Under section 1 (4) leave to appeal might only be granted when the answer to the relevant question of law "could substantially affect the rights of one or more of the parties."

Thus if there were several grounds for concluding that a claim succeeded or failed, there must be no remission under subsection 5(b) for more detailed reasons on one of those grounds if the others would or should lead to refusal of leave to appeal.

The reason was that an answer favourable to an applicant for remission under subsection 5(b) on that one ground could not "substantially affect the rights of the parties" if the existence of the other grounds would still lead to refusal of leave on the basis of *The Nema* or *The Antaios.*

Bearing in mind that the exercise if the jurisdiction to grant leave to appeal was a matter for the Commercial judge, the court sated in general terms the following principles of practice:

(1) The jurisdiction to order further or more detailed reasons under subsection (5) (b) should be exercised as sparingly as possible.

(2) The need to resort to such orders should be sought to be avoided by arbitrators stating their reasoned conclusions on all important issues.

(3) Where a party applied for an order under subsection (5) (b), the decision whether to grant the application should never be taken without giving the fullest consideration possible at that stage to the question whether leave to appeal was likely to be granted, by reference to the test of subsection (4), *The Nema* and *The Antaios.*

4—In the same way as applications for leave to appeal, applications for further reasons under subsection (5)(b) must be decided exclusively on the basis of the contents of the award.

5—It seemed at present that the reasoning and decision in *The Barenbels* did not apply to respondents who opposed applications for leave to appeal and/or remit by seeking to uphold the award.

The buyers' case rested solely on the presence *of one* additional decimal figure which appeared in the certificate. It was undisputed that analysis to that degree of precision could not establish whether the cargo was outside the specification and that the alleged discrepancy was commercially insignificant.

Against that background the arbitrator concluded that the sellers had not wrongfully repudiated the contract by tendering the certificate.

How could it be said that that conclusion was so obviously wrong that there was no possibility that it was right?

The appeal was allowed.

For the buyers: Derrick Turriff (Richard Stokes & Co, Huntingdon).

For the sellers: Alistair Schaff (McKenna & Co).

By Rachel Davies
Barrister

BP payout up despite earnings fall

BY MAX WILKINSON, RESOURCES EDITOR

BRITISH PETROLEUM announced yesterday that it was increasing its final dividend for 1986 by 1p to 23p although its earnings per share fell by half to 44.6p.

The total dividend for the year was 35p compared with 34p in 1985.

Sir Peter Walters, the chairman, said the increase was justified because in spite of the large swings in oil prices last year, the company's after-tax profit on a replacement cost basis was £1.78bn—only £37m less than in 1985.

This gave a better underlying picture of the health of the business than the pre-tax historic cost profit of £817m, which was 49 per cent less than in 1985.

Since BP's finances remained strong, Sir Peter said he thought it right to maintain the real value of the dividend with a 1p increase.

Funds generated by the business decreased from £6.07bn to £4.46bn, but liquid resources at the end of 1986 were up £214m at £2.53bn.

BP managed to maintain its replacement cost earnings in spite of remarkably large swings affecting all major parts of its business.

For the full year, the replacement cost operating profit in BP's exploration business halved to £711m compared with £1.4bn in 1985. This was a direct result of the steep fall in crude oil prices.

The swing for the downstream arm, BP Oil International, was almost a mirror image with profits nearly doubled at £966m compared with the figure for 1985.

This reflected big profits on refining and marketing of petroleum products in the earlier part of the year when crude costs were falling, but prices charged to consumers had not yet reflected the weakening market.

The fortunes of the downstream part of the business declined as product prices fell in the second and third quarters. Then in the third quarter profits were severely squeezed as the price of crude rose again, while product prices lagged at lower levels.

The fourth quarter profit of £53m was only a quarter of the level achieved in the second quarter and about an eighth of the first quarter profit (all on a replacement cost basis before tax and interest).

In the first month and a half of this year, BP says downstream margins have recovered significantly.

The full year's results were helped by a much reduced tax charge, reflecting the lower Government take from North Sea oil production.

Total upstream taxes were reduced by £2.1bn compared with their 1985 level to only £663m. For the group as a whole, a tax credit of £339m attributable to Standard Oil, BP's subsidiary, offset a tax charge of £381m in BP, leaving a total tax bill of only £42m for the year.

For Standard Oil, the tax credit reflected lower earnings and the substantial write-off during the year.

Standard Oil's contribution to group profit was £344m on a replacement cost basis, £470m less than in 1985. In US dollar terms.

For BP, the ability to ride out a decline in upstream profits was helped by significant improvements in chemicals, nutrition and other smaller parts of the business.

The chemicals business increased its operating profit threefold to £198m as a result of a 9 per cent increase in the volume of sales and substantially lower feedstock costs.

BP Nutrition recorded a 51 per cent rise in operating profit at £56m.

BP Minerals more than halved its loss to £30m, while the coal business made a modest additional contribution with a 20 per cent rise in operating profit to £34m, despite lower coal prices.

See Lex

Housebuilding lifts Ward's profit to £9m

BY MIKE SMITH

SHARES in **Ward Holdings**, the Kent-based property developer, rose 47p to 445p yesterday after the company announced that 1986 profits were nearly twice those of the previous year.

The £8.97m pre-tax total (against £4.67m in 1985) was achieved on turnover up 31 per cent at £36.99m (£27.35m). Earnings per share were 42.5p (18.6p) and the dividend was lifted from 5.5p to 6.52p, making 8.27p (7.25p) for the year.

House construction accounted for £8.04m of the profits. Mr Denis Ward, chairman, said prices had advanced by 20 per cent over the year and the market continued to be buoyant in the south east.

"The housebuilding boom in the south east is the longest sustained period of demand I can remember and 1987 should be no exception," said Mr Ward. "Subject to the market holding up, the group will again repeat a record year of trading."

The completion of the M25, the further extension of the M20 and the prospect of the Channel Tunnel were all highlighting Kent as a growth area.

Ward said its London operation, established a year ago to develop and renovate residential properties in central London, was proceeding satisfactorily. Ten sites had been acquired and the construction of houses, maisonettes and small blocks of flats had begun.

The company was also building up its investment portfolio. Detailed planning consent had been obtained and work had commenced on a district shopping centre at Grove Green, Maidstone, where a supermarket had been pre-let to Tesco. Work had also started on a supermarket and shops scheme next to Rye Station in Sussex. Warehouse schemes were being developed in Leybourne, Sittingbourne and Snodland.

In the loss-making manufacturing division, Mr Ward saw fast expansion for UPVC windows and doors. The division was likely to start making profits this year.

In the year to October 31, the profits breakdown by division was: house construction £8.04m (£5.38m); plant hire £176,000 (£197,000); merchanting £11,000 (£23,000); manufacturing £51,000 loss (£1.41m loss); and property investment £792,000 (£484,000).

Total taxation was £3.38m (£2.19m).

● comment

Relatively small increases in the dividend in the last three years mean that Ward has lost its reputation as a high yield stock but few shareholders will be shedding tears. Between the end of 1984 and yesterday the share price has more than tripled to 445p and 135p of the increase has come since the start of this year. Future growth seems assured. Ward has a four year land bank and its expansion into more luxurious houses will help it to improve margins further. The company's performance will also be improved by the loss elimination in the manufacturing division. For this year £10.5m is in view, putting the prospective price/earnings ratio at 8.8. The share price is held back by the Ward family's 61 per cent stake in the company. The multiple is considerably below that of similar companies, however, and there should be scope for growth.

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BP	23	—	22	35	34
Debron Inv.	nil	—	nil	0.5	nil
Pacific Assets	0.77	Apr 24	0.7	0.77	0.7
Photo-Me ....int	2	Mar 31	1.75	—	5.75
Polypipe ....int	1.02†	Apr 3	0.55*	—	1.65*
Plessey ....int	2.38	May 1	2.07	—	5.03
Questel‡	2.55	Apr 7	2.2	4.75	2.2
River & Mercantile ...	4.2	Mar 20	3.7	6.2	5.5
Romney Trust	3.35	—	3.35	5	5
Ward Holdings	6.52	—	5.5	8.27	7.25

Dividends shown pence per share not except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Carries scrip option.

US holder sells stake in Kleinwort Benson

By Martin Dickson

American Can, the US container manufacturer, yesterday sold a 4.9 per cent stake in Kleinwort Benson Lonsdale, the British merchant bank, which it bought some two years ago.

The 4.3m shares were acquired by Morgan Stanley, the US investment bank, acting as a principal, and then sold on by it to international institutional clients at a price thought to be around 625p a share. Kleinwort shares closed last night at 625p, down 5p on the day.

There was speculation that a factor in American Can's decision to sell was the British Government's recent moves to take stronger powers to control foreign shareholdings in UK banks.

However, American Can's stake—which it had undertaken not to increase without consulting Kleinwort—was not quite large enough to be covered by these regulations. Mr Michael Hawkes, chairman of Kleinwort, said yesterday that the bank had always got on well with Mr Gerald Tsai, chief executive of American Can.

Mr Tsai was not available for comment, but it was understood that Morgan Stanley initiated the transaction by approaching the company to see whether it would be prepared to sell.

American Can, which built up the stake in 1985 but only declared it publicly last autumn, will have made a substantial profit on the sale.

L and N director plans to up his stake

By Nikki Tait

MR JOHNNY MACKENZIE, the London and Northern director who refused to back the rest of the board's qualified acceptance of Demerger Two's 81p-a-share cash alternative, is planning to purchase more shares in the troubled construction, energy and healthcare company "in forthcoming months."

His decision is announced in a letter to shareholders, to be posted today, explaining why he did not go along with the rest of the board on Tuesday night. Mr Mackenzie is the son of Mr Jock Mackenzie, L and N's chairman.

Mr Mackenzie denied last night that his action was designed to frustrate the £90m Demerger Two bid, which needs 90 per cent acceptances if the plan to split the business into four companies and refloat them individually is to go ahead.

"I think the shares are good value," he commented, but refused to specify what size of purchases he envisaged. Mr Mackenzie currently holds about 250,000 shares—having increased his stake by about 90,000 shares during 1986.

Directors of L and N have all said that they do not intend to accept the Demerger offer in respect of their own holdings, which account for 3 per cent of the company's equity.

Yesterday, Demerger confirmed that it is fully committed to its bid and does not intend to seek approval for a lower cash alternative.

Commenting on Mr Mackenzie's announcement, Mr Peter Earl, a director of Ifincorp Earl, which is advising Demerger, said: "It's an excellent investment —we reckon most shareholders will now come and accept one or other offer and we would like Mr Mackenzie to, too."

Another associate of Demerger, Hubis S.A., thought to represent Middle East interests, announced yesterday that it had purchased a further 200,000 shares in L and N, taking the total holding by Demerger's associates to about 7 per cent.

Capital Radio

The offer for sale of shares in Capital Radio, the London independent radio station, was heavily oversubscribed when it closed yesterday morning.

Some 3.9m shares were offered at 105p each and a strong response from small investors had been widely predicted. This appears to have materialised, for the counting and sorting of applications was still going on last night.

Barclays de Zoete Wedd, the merchant bank sponsoring the flotation, hopes to announce the basis of allocation today. A ballot appears a strong possibility.

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Telecommunications boost Plessey at nine months

BY DAVID THOMAS

Plessey yesterday unveiled a 10.1 per cent increase in pre-tax profits in the third quarter to December 26, resulting in a 18.2 per cent expansion in the first nine months.

Pre-tax profits for the third quarter were £45.1m (£41.8m) on sales of £387.9m (£351.3m). For the first nine months they were £132.5m (£112.1m) on sales of £1.02bn (£1.01bn).

Earnings per share for the period increased 29.1 per cent to 11.52p (8.92p). The interim dividend is up 15 per cent at 2.383p (2.072p).

Plessey's shares closed 2 up at 211p.

Telecommunications showed the strongest advance in the nine months with operating profits up 40 per cent at £57.8m (£41.3m) on sales of £494.3m (£467.1m).

Sir John Clark, chairman, said Plessey had handed over 398 System X exchanges to British Telecom since April 1986. Plessey was about to sign understandings with the General Electric Company on System X, which would cover shared R&D and marketing costs, plus patent property rights.

In North America, where Plessey's Stromberg-Carlson telecommunications equipment subsidiary was now trading profitably, telecommunications had contributed about £4.5m in profits on sales of £67m in the first nine months, compared with about a nil contribution on sales of £56m in the same period of the previous year.

Plessey's electronic systems and equipment division made pre-tax profits in the nine months of £33.3m (£26.9m) on unchanged sales of £347.4m.

Sir John said that, as a result of Plessey's partnership with Westinghouse of the US arising from the UK Government's choice of AWACS for its airborne early warning system, Plessey was expected to win contracts worth at least £150m within the first year of the project.

Westinghouse and Plessey had agreed to develop, produce and sell jointly the radar which would be required when the AWACS in service with the US Air Force had to be modernised, Sir John added.

Profits in the aerospace and engineering division fell to £10.7m (£19.3m) on sales of £84m (£90m), a setback the company blamed on the costs of moving its US lynamics business to new premises and on the early completion of highly profitable contracts in the previous year.

Profits on microelectronics and components fell to £9.9m (£10.5m) on sales of £107.8m (£120.5m). The company said this was due to disposals and weak demand.

For Plessey overall in the first nine months, operating profits were £119.9m (£106.7m). After adding investment income of £22.5m (£13.3m), deducting £10.8m (£8.9m) in interest and £46.4m (£46.4m) in tax, profits on ordinary activities were £86.1m (£65.7m).

Plessey's order book stood at £1.41bn at the end of December, compared with £1.36bn at the end of March.

The company's average workforce in the first nine months was 32,323, down 2,367 on the same period in 1985.

See Lex

Heywood bids for Thermax

This will be the company's second acquisition in two weeks. It announced the purchase of an American glassmaker, Tempered Glass Specialists, for £3.6m earlier this month.

Thermax's directors and major shareholders holding 43 per cent of the company's shares have agreed to accept the offer. This includes Suter, which holds 27.07 per cent.

Heywood is offering 17 convertible redeemable preference shares for every 10 Thermax shares, valuing each Thermax share at 182p, with a cash alternative of 170p.

Thermax produced pre-tax profits of £1.76m in the year to June 30, 1986, and £1.16m in the half-year to December 31.

Mr Ralph Hinchcliffe, chairman of Heywood Williams, said the company was keen to extend its existing activities and that Thermax's silk screening activities would provide added value products to the group's range.

The company's underlying glass business had always been very sound, he said. "It was just unfortunate that they chose the wrong way to go public. It is a well run company in its own right — its amalgamation shouldn't present us with any difficulties."

Mr Derek Connolly of Brown Shipley, advisers to Thermax, said: "The businesses have a lot in common from an industry point of view. The type of capital expenditure Thermax seems to require needs more financial muscle than they have. Heywood Williams is a successful, well managed company about four times the size of Thermax with a considerable distribution system and marketing skills."

Heywood is forecasting pre-tax profits of not less than £7.6m for the year to December 31, 1986, compared with £5.5m for 1985. The board intends to recommend a final dividend of 5p net per share, making a total dividend for the year of 7.75p per share, an increase of 15 per cent. Heywood shares closed 12p up at 242p, while Thermax fell 2p to 173p.

Green family sells 13% stake in Talbex Group

BY PHILIP COGGAN

MR DAVID GREEN, a former chairman of Talbex Group, and his family have sold the bulk of thei rshares in the troubled industrial holding company.

This was announced yesterday, despite a statement by the company's stockbrokers only two months ago that Mr Green had no plans to sell his stake.

Mr Green and family have sold 6m ordinary shares or 13 per cent of Talbex, bringing their stake down to about 3.6 per cent.

Last week Robert Wigram placed 28.9m shares for Talbex as part of a financial reconstruction and the acquisition of a private mining company. The news accompanied the announcement of pre-tax losses of £783,000 in the year to July 1986.

Mr Green became chairman of Talbex in May 1980, after acquiring a large stake from Mr Peter de Savary's Artoc Bank.

After several years of losses, the company was merged with Yorkgreen Investments in 1985, a company of which Mr Green was also chairman but two months ago Mr Green resigned as chairman of Talbex. The Takeover Panel has ruled that As Nevi, a Scandinavian company, is acting in concert with others, who could over 40 per cent of Talbex, but did not require it to make a full offer.

Robert Fraser buys more of Highgate & Job

By Janice Warman

Robert Fraser and Partners, the merchant bank, has raised its stake in Highgate & Job, the Paisley-based animal oils and protein meal group, to 37.64 per cent with the purchase of a further 10 per cent

The bank promised a further announcement but would not comment further. It has said it intends to make a general offer for the shares it does not already own at the same price of 200p.

Highgate & Job closed its protein division after a severe trading setback and substantial exceptional losses in the first half of 1986-87. Group attributable losses for the six months to September 30, 1986, was £191,000 against profit of £12,000 on a turnover of £2.16m. Mr Ian Barr, chairman of Highgate & Job, said he could not comment until the bank announced its intensions.

Highgate's shares fell 5p on the day to 200p.

UK COMPANY NEWS

Acquisitions stimulate profits surge at Abaco

ABACO INVESTMENTS, the one-time property company which has been rapidly transformed by numerous acquisitions into a diversified financial services group, predictably revealed sharply higher profits for the six months to end-December 1986.

Turnover advanced from £3.3m for the comparable period in 1985 to £17.1m resulting in group operating profit of £2.43m (£361,000). After interest payable of £304,000 (£210,000), taxable profits rose from £151,000 to £2.13m.

Tax took £686,000 against a credit of £19,000 last time. Minorities accounted for £29,000, but there was no provision for extraordinary items. During the previous year's first half, there was an extraordinary credit of £832,000 relating to releases from unrealised revaluation reserve on property disposals. Earnings per 5p share rose to 0.88p (0.16p).

The interim dividend is doubled to 0.1p.

Abaco has continued its policy of growth via acquisition, taking in Toplis and Harding, the international loss adjuster, Lloyd's broker Burgoyne Alford, commercial surveyor and valuer Lambert Smith and residential estate agencies Hampton, Messenger May Baverstock, and Levens, the last-mentioned purchased for £5.6m earlier this month.

Abaco also acquired a controlling interest in Mortgage Systems, the mortgage portfolio managers.

While stating that the new business had not made a full contribution to group results for the period, the directors said that financial benefits should be felt during the second half.

Standard Chartered Bank currently holds a 12.51 per cent stake in Abaco having subscribed £18.8m for new shares in January of this year. Other major shareholders include British and Commonwealth and Canada Life Assurance.

• comment

Hang on to your hats for the Abaco flying circus as Mr Peter Goldie attempts to juggle three at once—personal financial services, loss adjusting and commercial agency—whilst suspended high above the ground by a prospective p/e of around 29 and substantial stakes in the hands of British and Commonwealth and Standard Chartered. The fancy rating has allowed Abaco to expand from a sideshow into the big top, as the group can easily afford the hefty prices which estate command these days. Such is the size of the group that it long since ceased to be a one, or even a three man band—Mr Goldie has recently taken on extra duties at B and C—and Abaco is in the process of strengthening its management to ensure that the group keeps its act together. Growth will continue to be breakneck—in the end whether the company becomes the strong man or the fat lady depends on how industrious the individual companies are at promoting each other's services. The early indications seem to be good. Earnings per share have far outstripped the increased tax charge and with pre-tax profits of nearly £6m looking feasible, the shares at 63½p probably deserve their appreciative City audience.

Americans place £14m worth of NEI shares

By Nikki Tait

Combustion Engineering, the large Connecticut-based supplier of industrial equipment and services to electric utilities, has placed its 8.3 per cent holding in Northern Engineering Industries, the Tyneside heavy engineering group.

The placing was handled in London by NEI's broker, Panmure Gordon, and the 18.2m shares—worth £14m—have gone to institutions at 77p. According to Panmure, around 40 institutions were recipients, with applications for stock exceeding allocations on a ratio of 4 to 1. On the stock market yesterday, NEI shares eased 1p to 79p.

Combustion Engineering said the decision to place the holding "relates entirely to repositioning CE, in part investing in new technologies, particularly those relating to process plant control and automation."

Last August, CE sold oilfield equipment operations to Hughes Tool for $270m in cash and securities. Since then it acquired Sprout-Walden, a manufacturer of machinery for pulp, paper and other process industries from Koppers Inc and made a $147m tender offer for the outstanding shares in AccuRay Corp.

CE's holding in NEI dates back to 1974 from its original major investment in International Combusion Holdings. Subsequent mergers led to the creation of NEI, in which CE's stake was 10 per cent.

CE confirmed yesterday that the trading relationship with NEI—for example, NEI is licencee of CE's boiler-firing technology—will continue.

BET plans listing in US and Canada

BY RICHARD TOMKINS

BET, the diversified services group, yesterday unveiled plans to list its shares in the US and Canada as part of a set of proposals to reorganise its share structure.

The US listing will involve the raising of $75m—$100m through an offer of ordinary shares in the form of US American depositary receipts. This will be the equivalent of 2½-3 per cent of the company's enlarged equity.

In Canada, BET will list its existing equity on the Montreal stock exchange. It expects to become the first UK company to take advantage of the recent reciprocal arrangement on listings

Mr Nicholas Wills, BET's chief executive, said the main aim of these proposals was to position the company for continued international expansion and to create a wider market for its shares.

"The ability to offer locally-listed shares will also make it easier for us to continue to acquire privately-owned companies, which has been a very important part of our growth.

"This is especially true in the US, which has been the focus of much of our expansion in recent years and which we still see as one of the areas with greatest potential for us."

BET plans to offer the US shares at nil discount to their London price and says that the reduction in borrowings will prevent dilution of earnings. Mr Wills said the value of the shareholders' investment would be increased by the higher comparative valution of service business in the US.

The other proposals announced yesterday are for a one-for-one scrip issue aimed at increasing the marketability of BET's shares, and for the cancellation and repayment of its preference and preferred shares to simplify the capital structure.

BET has 302m ordinary shares in issue and a further 27.9m reserved for the company's convertible bonds and share options. It is proposing to increase its authorised share capital by 539.2m shares to 875m.

It will offer 124p a share for the preference and poreferred shares, producing an exit yield of 6.36 per cent, at a total cost to the company of £2.5m.

BET will seek authorisation up to 5 per cent of its authorised share capital in a US offering, but says the actual amount will be decided in the light of market conditions closer to the launch in August or September and it does not expect to offer more than $100m worth.

Excalibur back in black midway

Excalibur Jewellery, a Birmingham-based manufacturer of watches and jewellery, turned a pre-tax loss of £112,603 last time into a profit of £21,240 in the six months to Oectober 31, 1986. Turnover fell slightly from £2.54m to £2.4m.

However, exceptional costs totalled £170,975 (£87,592). They comprised a provision for closure of subsidiaries and were made up largely of redundancy expenses.

The net loss amounted to £149,735 (£200,,195) and the loss per share emerged at 1.17p, down from 1.51p.

Buckley's hits back at Bestwood

MR GRIFFITH Philipps, chairman of Buckley's Brewery, the Llanelli-based company in which Bestwood holds a 27.6 per cent stake, has hit back at demands from Mr Tony Cole, Bestwood's chairman, that he be given a seat on the Buckley's board.

In a letter to shareholders, Mr Philipps said there were a number of aspects to Mr Cole and Bestwood "which make directors uneasy." Bestwood, Mr Philipps continued "is not best-known as a long-range holder of minority interests in public companies" and that it had refused to assure Buckley's that it would not launch a takeover bid.

"One of Mr Cole's real reasons for seeking a seat on the board is to enable Bestwood to "equity account" for its holding in Buckley's, thus supporting Bestwood's pre-tax profits," he claimed.

The letter denied that the Whitbread director, who Mr Cole is seeking to have removed from the board, had any conflict of interest. Whitbread and Whitbread Investment Company hold another 27 per cent stake of Buckley's shares.

Yesterday Mr Cole, speaking from Geneva, described the letter as "pathetic. They've got so many things wrong." He cited in particular the description of Bestwood's interests.

Country and New Town in US deal

BY DAVID THOMAS

Country and New Town Properties may take control of Bay Financial Corporation, a US property company with a book value of $294m (£192m) at November 1986.

Country has this decade been building up its US portfolio to the extent that it now has $100m worth of property all fully let, plus some buildings in Canada.

Country acquired 39.6 per cent of Bay in November for $47m in cash.

Bay's property portfolio is widely spread over the US. It reported net income of $1.87m in the year to the end of May, when its assets were independently assessed at $357m.

Country now appears likely to take its stake in Bay above the 50 per cent level as a consequence of Bay's intention totake over Commonwealth Realty Trust, which has a property portfolio mainly in the Princeton area.

Country owns about 85 per cent of Commonwealth, and Bay is likely to pay for Commonwealth with its own shares.

However, it was stressed yesterday that Bay and Commonwealth are talking about various types of business combination and that the discussions are still at an early stage.

The shares of Country, which had pre-tax profits of £1.26m in the six months to July, closed up 8p at 150p.

Commonwealth has appointed an independent member of its board of trustees to review any possible merger or other combination with Bay.

Gee/Rosen acts to dampen speculation

Gee/Rosen, a USM-quoted clothing wholesaler and retailer, yesterday tried to end speculation that it was about to make a takeover announcement.

It was prompted to make an announcement by the movement in its share price over the previous few days. On Monday, it had closed at 50p. On Wednesday, it closed at 60p.

Gee/Rosen said that it was unaware of any facts which would justify such an abnormal change.

Mr Alan Cooper, a director of the company, said Gee/Rosen had made known its intention to expand by acquisition.

The company was therefore involved in a number of discussions which could result in it making an acquisition or merging with another group, he said.

Gee/Rosen closed 2p lower at 58p.

UK COMPANY NEWS

All-round growth gives Polypipe 85% advance

REFLECTING excellent progress on all fronts the Polypipe group lifted its pre-tax profit from £876,000 to £1.62m for the half year ended December 31, 1986.

That represented a percentage increase of 85, on a turnover up 49 per cent to £11.42m.

Mr Kevin McDonald, chairman and managing director, said he anticipated a satisfactory outlook for the current year and beyond. The growing impact of the integration of the recent acquisitions would be seen in the last quarter of this year, and in the next.

In the half year the group established a significant growing presence in the underground drainage market, he reported.

The geographical penetration of the large south eastern market for the traditional above the ground plastic plumbing and drainage products was proceeding satisfactory, and the group had started to develop new markets overseas.

Pressure on margins, which had been a feature of the industry in the last two years, was dissipating in line with the increase in demand.

Last November the group acquired Paragon Plastics and Procell Plastics for nearly £7m in shares, of which 3.89m shares were vendor placed.

Paragon was a competitor, making plastic pipes, fittings and fabrications, and part of the business which was not complementary was sold for £1.4m. Cost of buying Paragon was £5.3m settled by the issue of 3.4m shares.

The acquisition of Procell put Polypipe into a rapidly expanding new market, viz plastics products for the building industry, such as external cladding, fascias and hand rails. Further capital expenditure was envisaged to support the strong growth in demand for the products.

Initial purchase price for Procell was £1.69m, satisfied by the issue of 1.09m shares. There was further profit related consideration up to a maximum £337,500.

In the November circular pro forma net assets of the enlarged group were shown at £9.5m. Currently, the group had no net borrowings and had adequate liquid resources to finance further growth, said Mr McDonald.

After tax £598,000 (£350,000) earnings per share for the half year were up from 2.17p to 4.05p. The interim dividend on increased capital is stepped up to 1.02p (0.55p).

● comment

Polypipe has given subscribers to its May 1985 placing a fair ride for their money: issued at 99p, the shares closed at 200p yesterday. Nor does this appear to be the end of the party. Already brokers are talking of at least £4.2m in pre-tax profits for the current year, and a further 50 per cent increase in the year beyond that. Once a USM-quoted minnow with a value of £12m, Polypipe has grown to a market capitalisation of nearly £60m in just a year and a half. Partly this is because of the buoyancy of the housing market, and more particularly, the housing renovation market. But more important has been the company's expansion in three dimensions: from above-ground pipework into the underground variety, from its northern stronghold into the south and south-east, and from its traditional products into diversifications through acquisition. The current year p/e multiple of 20 may look a little rich, but on next year's forecast it sinks to 14—a modest enough figure for an ungeared company whose growth potential is a long way from exhausted.

Abingworth boosts assets 11%

STRONG performances by quoted portfolios in the UK and US enabled Abingworth, a venture capital investment company, to report net asset value per share up 10.5 per cent from 217p to 306p in the six months to December 31 1986. A year ago the figure was 281p.

Since December 31 1986 markets in general and technology stocks in particular had seen further gains and unaudited accounts showed that net asset value stood at 330p at January 31.

However, pre-tax profit fell sharply from £219,295 to £65,034—largely as a result of the company becoming more fully invested during the period, with a consequent reduction in level of income from funds awaiting long-term investment.

Mr Anthony Montagu, chairman, said that he continued to view the future with optimism and believed that there were good prospects for substantial further growth in the value of many of the companies in the portfolio. Depending on the rate at which the proceeds of recent sales were re-invested, interest income might be somewhat higher in the second half of the financial year.

Since December 31 1986, advantage had been taken of buoyant stock markets on both sides of the Atlantic to make further disposals; these included the sale of 25,000 shares in Apple Computer which had realised $1.18m (£767,000) against an original cost of $7,000.

During the period, three new investments were made in the US and two in the UK. A further $2.6m was invested in 10 existing interests in the US and an extra £1m in six companies in the UK.

In the US, the whole of the holding in Bridge Communications was sold, and along with partial disposals of shares in Telecredit and General Parametrics realised $1.8m compared with an original cost of $814,000.

In the UK, total disposals aggregated more than £2m compared with a cost of £700,000. These disposals included the whole of the holdings in Nichols Vimto and P. C. Henderson.

Dividends and interest received amounted to £207,899 (£389,233); external management fee income totalled £147,942 (£122,501); and income of dealing subsidiary excluding dividends and interest came to £78,658 (£89,653). Administration expenses fell slightly from £382,087 to £367,463.

After lower tax charges of £29,508 (£87,199), earnings per share worked through at 0.17p (0.65p). As in previous years, the company did not propose an interim payment.

Photo-Me profits up by 45% to £6m

Photo-Me International, manufacturer and operator of photographic booths and personal identification systems, lifted taxable profits by over 45 per cent in the six months to October 31 1986.

As forecast in the annual report, the interim dividend is increased to 2p (1.75p).

On turnover up 21 per cent from £28.39m to £34.23m, pre-tax profit, assisted by the continued containment of expenses and exchange rate considerations, jumped to £6.05m (£4.16m). Tax accounted for £2.35m against £1.7m last time, while minorities took £707,000 (£445,000).

The sale of the minority holding in cheque card company Bradbury Wilkinson Data to De La Rue realised a below the line post-tax profit of £58,000. Last time, Photo-Me had an extraordinary credit of £343,000 relating to the sale of investments and the merger of its two US subsidiaries.

Stated earnings per share rose 16.66p to 50.95p.

The directors said that activities continued to expand and that current returns from operating subsidiaries indicated that second half results would be at least comparable with the previous year.

Romney Trust holds payment

Romney Trust raised its net asset value per 25p share by 102.2p to 444p during the 1986 year. The figure was struck assuming full conversion of the convertible loan stock and allowing for payment of the final dividend.

The company underwent major restructuring of investments during the year and as a result of a move to an overseas assets base earnings fell by 2.68p to 3.85p. However, the dividend is held at 5p net, the final being 3.35p.

Net revenue for the year fell from £1.9m to £1.14m after tax of £571,000 (£1.1m).

Debut plans value Sinclair Goldsmith at £9.8m

BY RICHARD TOMKINS

SINCLAIR-GOLDSMITH, a chartered surveyor and rating consultant, it to become the latest in a trio of similar companies to seek a quotation on the stock exchange.

Last October, the Royal Institution of Chartered Surveyors changed its rules to allow outside investment in member companies. Sinclair Goldsmith is the third company to take advantage of this change; the first two were Baker Harris Saunders and Fletcher King, both commercial estate agents.

Some 3.5m shares, or 32 per cent of Sinclair Goldsmith's enlarged equity, are bing placed on the main market by the British Linen Bank, which is the merchant banking arm of the Bank of Scotland. The issue price of 90p a share will value the company at £9.8m. Stockbroker to the issue is Alexanders Laing and Cruickshank.

Sinclair Goldsmith was founded in 1970 and has two offices, one in London's West End, the other in the City.

The company has three main areas of activity: one carries out valuations and reviews rating assessments; another provides a traditional commercial agency service; while the third acts as a development and investment consultancy.

Pre-tax profits have risen from £105,000 to £612,000 in the five years to May 1986, although there was a dip to £87,000 in the second year which the company attributes to a sluggish market.

For the current year, Sinclair Goldsmith is forecasting pre-tax profits of at least £925,000, so it is coming to the market on a prospective p/e ratio of 15 after a notional 36 per cent tax charge.

Of the shares being sold, 2.1m are coming from Mr Neil Sinclair and Mr Peter Goldsmith, the joint managing directors, and the rest will be new shares issued by the company to raise £935,000 net of expenses.

The flotation will leave the company with net cash balances of nearly £900,000, which it says it intends to use to acquire other companies directly linked with the property world.

New-look Debron on target

Debron Investments made a pre-tax profit of £1.38m in 1986, with £1.19m coming from the investment side and £190,000 from the trading group. There is no final dividend, so the 0.5p interim covers the year.

No comparisons were given because of the changed nature of the group. In October 1985 it sold the principal operating subsidiary Carpets International (UK) and held investments in companies mainly engaged in the manufacture and sale of soft floorcoverings.

At the back end of 1986, however, it paid £66m cash for Guilford, a US company. Since then the group's principal activities have been the design, manufacture and marketing of speciality fabrics for open plan office furniture systems and office interiors.

Results included Guilford for the 11 days since acquisition. Group profit was achieved from a turnover of £1.8m. Net profit on the sale of investments of £8m had been taken as an extraordinary credit.

For the last quarter of 1986 results of Guilford, not reflecting acquisition related costs, showed net sales $20.25m ($18.99m) and operating profit $3.88m ($3.93m), equal to a margin of 19.1 (20.7) per cent. Pre-tax profit was $3.79m (same).

Those figures represented a significant improvement over the six months ended September 28, 1986, disclosed in the November circular. Current trading was in line with expectations at the time of acquisition, the directors said.

In October the company paid a dividend—interim 0.5p—for the first time in several years. However, a final is not being recommended in view of the high gearing arising from the acquisition of Guilford.

Questel slows but confident for future

DESPITE difficulties Questel, a telecommunications equipment company, was able to lift profits from £1.09m to £1.17m pre-tax during 1985-86. A final dividend of 2.55p gives shareholders a total of 4.75p net.

During the summer months the company experienced a sudden reduction in orders. This period coincided with the sharp fall in trade noted by the tourist industry, one of Questel's main customers.

However, during the final quarter many of the deferred orders were received and sales were such that the year's targets could still be achieved.

The directors said the company's difficulty was being able to manufacture, programme and install four-and-a-half months production in just three months.

They pointed out that the effects of this and the substantial overtime costs incurred during the final 14 weeks had an inevitable impact on the year's profits.

Looking ahead, a record demand for the company's Supercall system means that production capacity for 1987 is being increased by 50 per cent. Furthermore, current indications suggest that a further increase may be required later.

Although traditionally cautious the directors said yesterday that with a little over three months of the current year under way they were more confident about the future than at any time.

Turnover for the year to October 1986 rose to £3.71m (£2.99m). Attributable earnings emerged at £736,126 (£625,176) after tax of £432,213 (£465,410).

Earnings improved by 1.5p to 16.5p per 10p share.

Questel joined the USM in September 1985

Bank Leumi 52% ahead and lifts dividend

NET PROFITS for 1986 from Bank Leumi (UK) advanced by 52 per cent, from £1.05m to £1.6m, after tax and transfers to inner reserves. The final dividend is 8.5p for a net total up from 11.2p to 12.4p—the final carries a scrip alternative.

Higher income was achieved from both lending and services supplied to customers. The growing volume of business in the branch network also contributed to the increase.

Net profit retained for the year almost doubled to £967,000.

At the year-end assets totalled £411.7m, compared with £390m a year earlier. Shareholders' funds and subordinated loans accounted for £24.36m (£23m).

Pacific Assets optimistic as NAV rises 57%

The net asset value of Pacific Assets Trust rose 57 per cent to 136.72p per 50p share in the year to end-January 1987.

The single dividend is increased 10 per cent to 0.77p.

Investment income expanded by 93 per cent to £516,000. After adding deposit interest of £20,000 (£109,000), and underwriting commission of £6,000 (£7,000), but subtracting interest payable and expenses of £269,000 (£217,000), revenue before tax rose from £166,000 to £273,000.

After tax of £113,000 (£87,000), stated earnings per share came out at 1.33p (0.83p).

Pacific Assets concentrates over 75 per cent of shareholders' funds in the industrialised economies of Hong Kong, Taiwan and South Korea.

The directors stated that the strength of the Yen during 1986 continued to encourage Japanese manufacturers to shift production facilities overseas, a sizeable proportion of which was allocated to countries within the Trust's investment sphere.

Peachey Property

Peachey Property's interim dividend rose from 3.5p to 4p, and did not fall from 4p to 3.5p as was reported in yesterday's FT.

BOARD MEETINGS

TODAY

Interims: American Electronic Components, Authority Investments, Dead Sea Works, Edenderry Shoes, Irish Glass, Peachey Property, Throgmorton Dual Trust.

Finals: Anglo American, Amcliffe, Bank Leumi (UK), Debron Investments, Pacific Assets Trust, Trust of Property Shares, Wettern Bros.

FUTURE DATES

Interims—
Consold. Plantations Berhad .. Mar 5
Goodman Bros. .... Feb 26
Tweefontein United Collieries Mar 2

Finals—
BICC .... Mar 25
Bestson Clark .... Mar 9
Central Independent Television Mar 26
Dean and Bowes .... Mar 3
Instem .... Mar 4

London & Scottish banks' balances

as at January 31 1987

THE TABLES below provide the first monthly indication of the trends of bank lending and deposits, ahead of the more comprehensive banking and money supply figures published later by the Bank of England. They are prepared by the committee of London and Scottish bankers and cover the business of their offices and their subsidiaries which are listed by the Bank of England as falling within the monetary sector.

TABLE 1.

AGGREGATE BALANCES	Total outstanding £m	£m	Change on month £m	£m
LIABILITIES				
Sterling deposits:				
UK monetary sector	26,708		− 217	
UK private sector	103,668		−1,546	
UK public sector	2,821		− 243	
Overseas residents	14,695		− 281	
Certificates of deposit	7,846		+ 83	
		155,738		−2,213
of which: Sight		66,991		−1,171
Time (inc. CDs)		88,746		−1,042
Foreign currency deposits:				
UK monetary sector	18,738		−1,919	
Other UK residents	7,939		− 310	
Overseas residents	46,462		+1,455	
Certificates of deposit	5,225		+ 528	
		78,364		− 246
Total deposits		234,102		−2,458
Notes in circulation		940		+ 112
Other liabilities*		42,149		+ 588
TOTAL LIABILITIES		277,191		−1,982
ASSETS				
Sterling				
Cash and balances with Bank of England:				
Cash ratio deposits	493		0	
Other balances	2,148		632	
		2,641		633
Market loans:				
Discount houses	4,175		− 417	
Other UK monetary sector	27,222		− 234	
UK monetary sector CDs	4,338		+ 458	

	Total outstanding £m	£m	Change on month £m	£m
Local authorities	1,365		121	
Other	4,610		879	
		41,710		−1,193
Bills:				
Treasury bills	157		− 45	
Other bills	2,710		+ 267	
		2,866		+ 222
Investments:				
British Government stocks	6,205		− 117	
Other	5,160		+ 109	
		11,365		8
Advances:				
UK private sector	103,913		+ 813	
UK public sector	285		− 87	
Overseas residents	4,558		−1,662	
		108,756		936
Other sterling assets*		15,906		42
Foreign currencies				
Market loans:				
UK monetary sector	18,514		− 382	
Certificates of deposit	474		− 64	
Other	38,364		+ 771	
		57,352		+ 325
Bills		372		87
Advances:				
UK private sector	7,365		+ 130	
UK public sector	872		0	
Overseas residents	17,285		584	
		25,523		− 455
Other foreign currency assets*		9,790		+ 825
TOTAL ASSETS		277,191		−1,982
Acceptances		7,142		+ 456
Eligible liabilities		116,230		−1,627

* Includes items in suspense and in transit.

TABLE 2. INDIVIDUAL GROUP BALANCES

	CLSB groups £m	Bank of Scotland £m	Barclays £m	Lloyds £m	Midland £m	National Wstmnstr. £m	Royal Bk. of Scot. £m	Standard Chartered £m	TSB £m
LIABILITIES OUTSTANDING									
Sterling deposits	155,738	6,319	34,582	24,757	25,253	42,243	8,879	3,571	10,134
Change on month	−2,213	+10	−1,212	−634	+563	−586	−300	+104	−158
Foreign currency deposits	78,364	1,164	16,056	10,202	15,346	22,223	4,024	9,244	107
Change on month	−246	−103	+331	+20	+1,010	−1,584	−316	+412	−17
Total deposits	234,102	7,483	50,638	34,958	40,599	64,466	12,903	12,815	10,241
Change on month	−2,458	−92	−881	−614	+1,573	−2,170	−616	+517	−175
STERLING ASSETS OUTSTANDING									
Cash and balances with the Bank of England	2,641	352	384	216	544	492	498	18	138
Change on month	−632	−57	−122	−51	−117	−98	−123	0	−63
Market loans—UK monetary sector	31,297	926	6,244	3,994	4,342	12,097	979	940	1,875
Change on month	−651	+11	−461	−230	+70	+72	−22	+34	−126
Other	10,314	142	2,390	1,363	1,114	3,625	310	281	1,683
Change on month	−542	+18	−11	−92	+151	−437	−23	−97	−50
Bills	3,866	165	1,079	1,222	110	810	282	59	138
Change on month	+222	+64	+12	−32	+24	+216	+1	+3	−66
British Government stocks	6,285	197	975	578	1,311	938	216	205	1,786
Change on month	−117	−77	−173	−1	+81	+81	−14	−6	+42
Advances	108,756	5,316	25,019	17,376	18,383	27,083	7,424	2,721	5,429
Change on month	−936	−19	−507	−301	+63	−186	−144	+71	+86
FOREIGN CURRENCY ASSETS OUTSTANDING									
Market loans and bills	57,723	463	12,211	8,562	9,129	17,308	3,062	6,932	56
Change on month	+23	−123	+169	+234	+1,243	−1,558	−312	+610	−16
Advances	25,523	886	3,929	3,498	6,710	5,976	1,235	3,236	52
Change on month	−455	+19	−48	−38	−111	−65	−21	−188	−2
ACCEPTANCES OUTSTANDING	7,142	241	2,602	592	1,885	1,308	547	421	147
Change on month	+456	−24	+242	+72	+125	+19	+27	−1	−3
ELIGIBLE LIABILITIES OUTSTANDING	116,230	5,326	26,074	19,312	20,059	27,711	7,493	2,484	7,772
Change on month	−1,627	−19	−1,100	−395	+733	−512	−237	+63	−164

مكبرة من الأصل

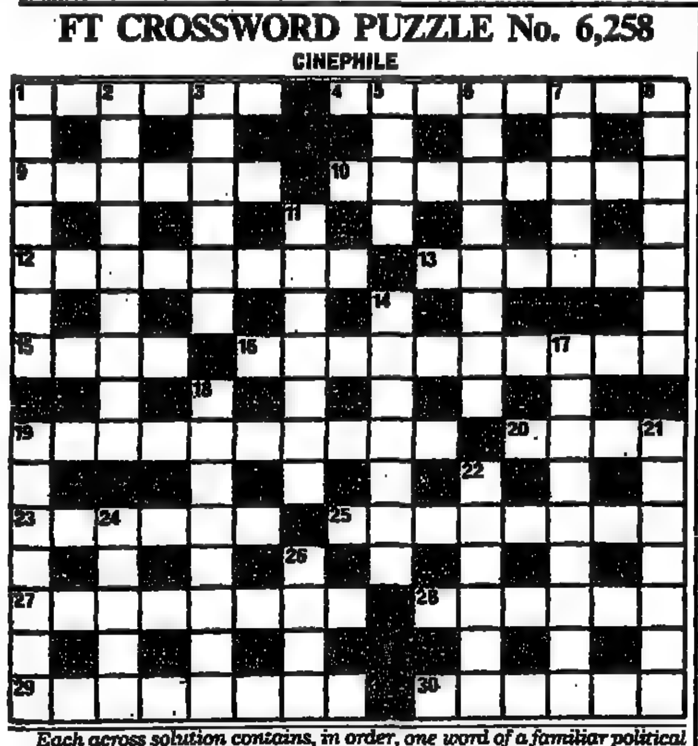
AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

INSURANCES

FT CROSSWORD PUZZLE No. 6,258

CINEPHILE



Each across solution contains, in order, one word of a familiar political appeal; each such word is indicated by "X" in the clue.

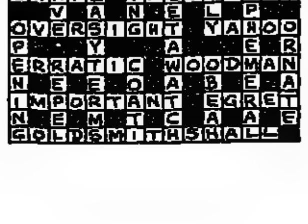
ACROSS

1 Separate grain—victory for X (6)
4 Send X between old and new coppers at church (8)
9 X inter rope (6)
10 Roger, Earl, or X in untitled man (8)
12 X in church melody for boys in blue (3, 5)
13 State without proving a point after X, for example (6)
15 X (4)
16 Wrong clue for X; I nearly visit between churches (10)
19 American purgative plant; bears can turn round X (6, 4)
20 X (4)
23 Shakespearean article, X to New York (6)
25 This must be a deaf listener; Carol *is upset about* X (5, 3)
27 Obtain money, a thousand X, from Patience, for example (8)
28 X swimmer, aloof (6)
29 Anodyne for North-Eastern writer, X (8)
30 Student in X, not altogether (6)

DOWN

1 We play the banjo, giving a damp colourless note, in the Yorkshire Wolds (7)
2 Refusal to Brazilian city by the States is only too well known (9)
3 King, not altogether a sober one (6)
5 Press club (4)
6 Peevish and upper-class in *factory?* (8)
7 Mood cut short by Greek beauty spot (5)
8 Raw material in the Inferno in place of science (7)
11 99 point 8 or 27, maybe, in the fridge? (3, 4)
14 Can I be pleasant? (7)
17 This must be a mean grasper: French leader is in cupboard (5, 4)
18 Urban type to pull poles to island (8)
19 Pedlar of Homer? (7)
21 Least chance, perhaps, of unfinished article being in before time (7)
22 Stick first found around Fingal's Cave (6)
24 Bulb lit up? (5)
26 Having a stink raised? (4)

Solution to Puzzle No. 6,257



AUTHORISED UNIT TRUST & INSURANCES

Cannon Assurance Ltd
1 Olympic Way, Wembley HA9 0NB — 01-902 8876

2nd Series Life Accumulation				
Equity	380.6	402.5	+3.5	—
High Income	325.3	344.2	+3.4	—
Property	217.2	229.8		—
Managed	268.5	284.1	+1.3	—
Deposit	177.8	188.1		—
Gilt	184.0	194.7	+1.6	—
American	274.6	290.6	-0.1	—
International Money	198.3	209.8	-1.0	—
Index	115.4	122.1	-0.3	—
Far East	212.6	225.0	+0.9	—
Global	107.6	113.9	+0.5	—
European	107.5	113.8	-0.6	—
Japan	111.9	118.4	+0.5	—
Residential Property	97.0	102.6	....	—
2nd Series Pension Accumulation				
Equity	611.4	647.0	+5.9	—
High Income	390.4	413.1	+4.7	—
Property	305.5	323.3	....	—
Managed	390.8	413.5	+2.1	—
Deposit	264.9	280.3		—
Gilt	259.3	274.4	+2.2	—
American	436.2	461.6	-0.1	—
International Money	285.2	301.8	-1.9	—
Index	126.9	134.3	-0.3	—
Far East	235.1	248.8	+0.9	—
Global	111.1	117.6	+0.6	—
European	111.1	117.6	-0.6	—
Japan	116.7	123.5	+0.7	—
Residential Property	98.0	103.7	....	—
Other Funds				
Equity Units		82.00	+0.76	—
Property Units		22.94		—
Equity Bond/Exec	50.72	53.64	+0.47	—
Property Bond/Exec	30.99	32.79		—
Balanced Bond/Exec	37.84	40.04	+0.20	—
L&E SIF 1	126.0	133.0	+0.5	—
L&E SIF 2	81.5	86.5	+0.5	—

City of Edinburgh Life Assurance
46 Charlotte Sq, Edinburgh EH2 4HQ — 031-225 1655

Ivory & Sime Bond	119.0	126.0	....	—
Risk & Reward Bond	157.0	166.0	....	—
Murray Johnstone Fd	136.0	144.0	....	—
Money Market Fd	111.0	117.0	....	—
Investment Strategy Fd	100.0	106.0	....	—
Ivory & Sime Pens Fd	121.0	128.0	....	—
Risk & Reward Pens Fd	136.0	144.0	....	—
Murray J'stone Pens Fd	134.0	141.0	....	—
Money Market Pens Fd	111.0	117.0	....	—
Inv Strategy Pens Fd	101.0	107.0	....	—

Devonshire Life—Contd.

Money	100.8	106.2	+0.8	—
Pen Managed	141.8	149.3	+0.5	—
Pen World Growth	107.9	113.7	+0.9	—
Pen UK Equity	159.9	168.4	+0.4	—
Pen UK Small Cos	140.5	148.0	-1.0	—
Pen European	99.6	105.0	+5.7	—
Pen Far Eastern	245.2	258.3	+0.3	—
Pen Nth American	99.9	105.3	+1.5	—
Pen Fixed Interest	112.0	119.0	+0.2	—
Pen Index Lnkd Secs	105.8	111.5		—
Pen Money	105.8	111.5	....	—

Eagle Star Insurance Co Ltd
Bath Road, Cheltenham GL53 7LQ — 0242 521 311

Secure Fund	104.7	110.3		—
Blue Chip Fund	138.7	146.0	-1.1	—
Performance Fund	165.3	174.1	-0.7	—
Adventurous Fund	158.7	167.1	-0.5	—
Pensions Secure	96.2	101.3	....	—
Pensions Blue Chip	107.0	112.7	-1.0	—
Pensions Performance	106.9	112.6	-0.6	—
Pensions Adventurous	106.3	111.9	-0.5	—
Pensions With Profits	102.1	107.5	-1.1	—

Eagle Star Insur./Midland Assur.
1 Threadneedle St, London EC2 — 01-588 1212

Eagle/Mid. Units	184.1	190.8	-1.6	3.86

Equitable Life Assurance Society
4 Coleman Street, London EC2R 5AP — 01-606 6611

Far Eastern	182.2	191.8	+2.0	—
Fd of Inv Tsts	154.0	191.8	+2.0	—
Gilt & Fixed Int	117.1	123.3	+0.5	—
High Income	172.1	181.3	-1.9	—
Intnl Growth	115.9	122.0	+0.2	—
Managed	140.2	147.6	-0.9	—
Money	109.5	115.3	....	—
North American	128.7	135.5	-0.3	—
Pelican	161.7	170.2	-2.1	—
Property	108.9	114.6	....	—
Special Sits	168.1	176.9	-1.4	—
School Fee Managed	154.9	163.1	-1.3	—
Pension Funds				
Far Eastern	209.3	220.3	+2.8	—
Fd. of Inv. Tsts	171.2	180.2	-2.8	—
Gilt & Fixed Int	121.9	128.3	+0.7	—
High Income	199.1	209.6	-2.6	—
International Growth	121.0	127.4	+0.2	—
Managed	154.9	163.1	-1.3	—

[illegible]

INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

MANAGEMENT SERVICES

World Wide Growth Management
10a, Boulevard Royal, Luxembourg
Worldwide Gth Fd | $18.50 | | −0.07 | —
Inv. Adv.: M. & G. Inv. Mngt., Ltd. London

Yamaichi Capital Mngt (Guernsey) Ltd
22 Smith St, St Peter Port, Guernsey. 0481 23765
Japan Meta Growth | $10.81 | | ..... | —

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg
Advanced Tech | $18.32 | | +0.18 | —
Dynamic Gwth Fd | $20.84 | | −0.07 | —

Zero Bond Fund Limited
PO Box 208, St Peter Port, Guernsey 0481 26268
Zero Bond Fund | $12.42 | 13.13 | ... | —

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
Charities Aid Fndtn Money Mngmt Co Ltd — Staple Hall, Stone Ct, Houndsditch, EC3 01-283 6462				
CAFCASH Call Fund	10.78	8.06	11.85	3-mth
CAFCASH 7-day Fund	10.65	7.98	11.69	3-mth
The Charities Deposit Fund — 2 Fore Street, London EC2Y 5AQ 01-588 1815				
Deposit	10.70	11.14		3-Mth
The Money Market Trust — 63 Qn Victoria St, EC4N 4ST 01-236 0952				
Call Fund	10.81	8.06	11.65	6mth
7-day Fnd	10.66	7.99	11.49	6mth
Oppenheimer Money Management Ltd — 66 Cannon St, EC4N 6AE. 01-236 1425				
Call Fnd	10.73	8.07	11.58	6-Mth
7-day Fund	10.73	8.02	11.52	6-Mth
Dollar	4.87	3.64	5.21	6-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Adam & Co. plc — 22 Charlotte Sq, Edinburgh EH2 4DF 031-225 8484				
Full Service Car Acc	10.25	7.50	10.86	Qtr
Aitken Hume — 30 City Road, EC1Y 2AY. 01-638 6070				
Treasury Acc	10.25	7.68	11.10	Qtr
Mgd Chq £1000-£5000	10.00	7.48	10.50	Mth
Mth. Int. Chq. £5,000+	10.25	7.68	11.18	Mth
Allied Arab Bank Ltd — 97-101 Cannon St, London, EC4N 5AD 01-626 2046.				
HICA, HICMA	11.25	8.41	12.31	Mth
Bank of Scotland — 38 Threadneedle St, EC2P 2EH. 01-628 8060				
Money Mkt Cheque Acc	10.25	7.68	11.18	Mth
Barclays Prime Account — PO Box 125, Northampton 0604 252891				
High Int. Cheque	10.00	7.50	10.86	Qtr
Benchmark Trust Ltd — 9 Henrietta Place, W1M 9AG. 01-631 3313				
Cap Chq Deposit Acc	10.25	7.68	11.16	Mth
Brown Shipley & Co Ltd — Founders Court, Lothbury, London EC2R 7HE 01-606 9833				
Demand Acc	10.50	7.85	11.38	Qtr.
Charterhouse Bank Limited — 1 Paternoster Row, EC4M 7DH, 01-248 4000				
Sterling	10.375	7.78	11.82	Mth
U.S. Dollar	5.625	4.30	6.04	Mth
German Marks	3.50	2.62	3.73	Mth
Swiss Francs	2.50	1.87	2.62	Mth
Japanese Yen	3.50	2.62	3.73	Mth
Citibank Savings — St Martins Hse, Hammersmith Grove 01-582 1422				
Money Market Plus	Top rate	7.68	11.17	Mth
For other rates please 'phone our Rateline 01-[illegible]				
Co-operative Bank Cheque & Save — 78-80 Cornhill EC3 01-626 6543				
£500-£2,500	7.38	5.50	7.52	Qtr
£2,500 +	10.38	7.75	11.34	Qtr
Dartington & Co Ltd — Dartington, Totnes, Devon TQ9 6JE 0803 862271				
Money Mkt Acc	10.625	7.96	11.83	Qtr
Henderson/Bank of Scotland — 38 Threadneedle St EC2P 2EH 01-628 8060				
Money Mkt. Cheque Acc.	10.25	7.68	11.18	Mth
Legal & General (Money Mngrs) Ltd — 395 Euston Road, NW1 3AG 01-388 3212				
High Int Dep Acc	10.57	7.40	11.30	6-mth
Lloyds Bank PLC — 71 Lombard St, London EC3P 3BS 01-626 1500				
HighIntCheque Account	10.00	7.70	11.16	Qtr
M & G/Kleinwort Benson — M & G Hse., Victoria Rd., Chelmsford 0245 266266				
H.I.C.A. (£2,000+)	10.12	7.56	11.03	Daily
Midland Bank plc — PO Box 2, Sheffield. 0742 528655				
High Int Chq Acc	9.97	7.45	10.79	Qtr
£10,000 +	10.30	7.70	11.16	Qtr
M.I.M. Britannia Ltd — 74-78 Finsbury Pavement, EC2A 1JD 01-588 2777				
Cater Allen	10.25	7.68	11.17	—
NatWest Special Reserve Account — 41 Lothbury, London, EC2P 2BP 01-256 9933				
£2,000 to £9,999	10.25	7.625	11.08	Qtr
£10,000 and above	10.375	7.78	11.24	Qtr
Oppenheimer Money Mgmnt Ltd — 66 Cannon St, EC4N 6AE 01-236 1425				
Money Mngt. Acc.	10.625	7.96	—	3-Mth
Phillips & Drew Trust Ltd — 120 Moorgate, London EC2M 6XP 01-628 9771				
High Int Chq Acc.	10.625	7.96	11.58	Qtr
Provincial Trust — 30 Ashley Rd, Altrincham, Cheshire 061-928 9011				
High Int Chq Acc.	11.00	8.22	12.03	Mth
Royal Bank of Scotland plc — 42 St Andrew Sq, Edinburgh EH2 2YE. 031-557 0201				
Premium Account	10.37	7.75	11.30	Qtr
Save & Prosper/Robert Fleming — 28 Western Rd, Romford RM1 3LB. 0708 66966				
H.I.B.A.	9.90	7.40	10.88	Daily
Tyndall & Co — 29-33 Princess Victoria St, Bristol 0272 732241				
Demand Acc.	10.66	7.97	11.54	Qtr
Money Acc.	10.53	7.87	11.42	Qtr
J. Henry Schroder Wagg & Co Ltd — Enterprise House, Portsmouth 0705 827733				
Special Acc.	10.00	7.48	10.90	Mth
Over £10,000	10.25	7.66	11.17	Mth
Western Trust & Savings Limited — The Moneycentre, Plymouth PL1 1SE 0752 224141				
High Int Chq Acc	11.00	8.22	11.94	Qtr
Wimbledon & South West Finance Co Ltd — 114 Newgate St, London EC1A 7AE 01-606 9485				
High Int Cheque Acc.	11.25	8.41	12.23	Qtr

NOTES—Gross: rate to those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. Prices of certain older insurance linked plans subject to capital gains tax on sales. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. § Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ◊ Yield column shows annualised rates of NAV increase. xd ex dividend.

TRADITIONAL OPTIONS

3-month call rates

Industrials	p
Allied-Lyons	27
Amstrad	15
BAT	35
BOC Grp	28
BSR	11
BTR	26
Babcock	16
Barclays	42
Beecham	40
Blue Circle	55
Boots	22
Bowaters	32
Brit Aerospace	42
Brit. Telecom	17
Burton Ord	26
Cadburys	17
Charter Cons	24
Comm Union	28
Courtaulds	26
FNFC	17
Gen Accident	75
Gen Electric	15
Glaxo	85
Grand Met	40
GUS 'A'	85
Guardian	75
GKN	24
Hanson Tst.	18
Hawker Sidd	42
ICI	75
Jaguar	42
Ladbroke	32
Legal & Gen	20
Lex Service	32
Lloyds Bank	38
Lucas Inds	46
Marks & Spencer	18
Midland Bk	48
Morgan Grenfell	26
NEI	8
Nat West Bk	48
P & O Dfd	45
Plessey	16
Polly Peck	16
Racal Elect	15
RHM	24
Rank Org Ord	45
Reed Intnl	25
STC	13
Sears	12
TI	40
TSB	8
Tesco	36
Thorn EMI	42
Trust Houses	15
Turner Newall	18
Unilever	140
Vickers	36
Wellcome	17
Property	
Brit Land	16
Land Securities	30
MEPC	32
Peachey	24
Oils	
BOM	3½
Brit Petroleum	50
Burmah Oil	32
Charterhall	4
Premier	3½
Shell	65
Tricentrol	8
Ultramar	17
Mines	
Cons Gold	62
Lonrho	22
Rio T Zinc	62

A selection of Options traded is given on the London Stock Exchange Report Page.

COMMODITIES AND AGRICULTURE

Dutch bank studies tin collapse claim

By Laura Raun in Amsterdam

ALGEMENE BANK Nederland, a creditor of the International Tin Council, has taken two legal steps against the Dutch Government as part of a possible financial claim to recover unpaid loans.

The ITC defaulted in October 1985 with almost £900m in debts outstanding, including around £30m to the Dutch bank. The Netherlands is one of the 22 members of the ITC.

One move by ABN, the Netherlands' largest bank, is a request to the Hague district court for a "preliminary hearing of witnesses" to interview government civil servants about Tin Council affairs. The other move is a direct request to the Economics Ministry for documents, a step taken under the Netherlands' "sunshine" law requiring open access to certain information.

Both initiatives are aimed at gathering information on which to decide whether to proceed with a legal claim against the Dutch government, the ITC or other members. ABN has no indication of how long it will take to get an answer to its request.

Its action follows a number of legal steps taken in the UK by banks and by metal brokers, both against the ITC and the British Government, another council member.

In the most recent move nine London Metal Exchange brokers claimed £110m debts plus unquantified damages against the council and its 22 members and the EEC. However, the brokers suffered a setback when, in a separate action, the High Court threw out a bid to have the ITC wound up.

Long wrangle expected over coffee quotas

BY ANDREW GOWERS

COFFEE IMPORTERS and exporters meet in London next Monday for what looks set to become a protracted wrangle over the terms for reintroducing quota controls on the $10bn-a-year international coffee market.

Producing countries have been pressing for the speedy resumption of quotas under the International Coffee Agreement as a safety net for prices, which in recent weeks have plumbed their lowest levels in four and a half years. Quotas were suspended a year ago, when prices were soaring as a result of a sharp reduction in the key Brazilian crop.

However, leading consumers—their attitude hardened towards commodity price-support pacts in general—have been seeking to delay such a move until what they regard as a more rational basis for distributing the quotas has been worked out.

This debate is likely to break into the open next week, but it will also be complicated by shifting positions on the part of a number of consuming countries, and by recently-revealed divisions within the producer camp. As a result, the idea is gaining ground among market analysts that quotas will not come into force again until the beginning of the next coffee year in October.

Next week's meeting will formally be considering a producers' proposal to set a total quota of 58m bags (60 kg each) for the 12 months starting on March 1—distributed among exporting countries on the same basis as when quotas were last in force.

Consuming countries such as the US argue, however, that this formula for carving up the market—which gives Brazil a guaranteed share of about 30 per cent—has been discredited by the shortfall in last year's Brazilian crop. They want quotas to be fixed according to what they describe as "objective criteria" including statistics on coffee availability—although they have failed as yet to agree how to flesh out their ideas.

Intriguingly, their case has gained additional weight this week as a result of similar proposals by a small breakaway group of producing countries. This group, which accounts for 16 per cent of producer votes within the International Coffee Organisation and includes Costa Rica, Honduras and Indonesia, suggests that market shares should be worked out with reference to official figures on past exports and stocks.

"This is the first time that the producers have really broken ranks," said one analyst. However, the splinter group's proposal to raise the official price range under the agreement to between 134 and 154 US cents per lb from the current band of 120 to 140 cents seems likely to meet stiff resistance from importers.

The strong impression persists that consumers, and some producers, would like to postpone the reintroduction of quotas until the market has had more time to work—and to reveal the natural trade patterns which they argue have been obscured by distortions under the ICA.

Producers seek bigger Japanese beef quotas

By Chris Sherwell in Sydney

CATTLE PRODUCERS from four exporting countries have called Japan's tight beef import quotas "unfair" and said they will urge their governments to press Tokyo for improved access to the Japanese market.

The move came at a meeting near Brisbane yesterday of cattle producing associations from the US, Canada, Australia and New Zealand.

According to a communique the meeting also expressed opposition to the European Community's intended imposition of complex restrictions on a range of synthetic growth promotion hormones "without scinetific justification."

The criticism of the EEC came as part of a general attack on the use of non-tariff trade barriers.

The industry associations also said that, to wind back protectionism, subsidised prices should be reduced from this year and direct price supports should not be used to subsidise farm incomes.

More generally, they agreed to "co-operate closely to reinstate beef's dominant position in the world meat trade" and voiced support for a single world meat inspection standard based on US Department of Agriculture standards.

The appeal for pressure against Japan springs from the fact that this is the last year of operation for existing access arrangements concerning beef imports into Japan.

Negotiations on new arrangements are due to start later this year. The Japanese beef market is important to the four exporters' cattle industries.

Peace hopes rise at Noranda

By Robert Gibbens in Montreal

HOPES ARE rising that a provincial mediator will bring about a settlement of a long dispute between Noranda, the Canadian mining group, and 800 unionised workers at its big Horne division copper smelter, 400 miles north of Montreal. The smelter has annual capacity of 240,000 tonnes a year.

Last September the workers, affiliated with the Quebec Confederation of National Trade Unions, rejected a settlement recommended by a provincial conciliator and went on strike onN ovember 5. On December 9th ey rejected a final company offer of a three year contract providing a total 75 cents an hour increase in base rates plus a C$1,000 (£490) lump sum.

The company continues to operate the smelter with management personnel but at a reduced rates. Noranda declared force majeure on January and February shipments from its copper refinery in Montreal which is fed by anode copper by the Horne division.

Moscow buys more UK grain

BY JOHN BUCKLEY

RECENT orders have raised this season's UK sales of grain to the Soviet Union to 2.5m tonnes (1.5m tonnes of wheat and 1m of barley), and another 500,000 tonnes may be in the pipeline, according to reports circulating among shippers this week. As a result, several analysts have raised forecasts of seasonal UK grain exports from 7.5m tonnes to 10m far above the 1984-85 record of 8.9m.

The spate of Soviet purchases which has driven UK futures prices sharply higher over the past fortnight makes Moscow by far and away Britain's biggest grain customer. Exporters say this reflects a swing towards EEC grain this season, apparently replacing cutbacks in purchases of wheat and maize from the US. They note at least 6m tonnes of EEC wheat and up to 2m tonnes of barley are now believed to have been ordered, up from 5.2m and 1.8m tonnes respectively in the whole of last season—this despite the largest Soviet grain crop in years.

The upsurge has been a timely replacement for sagging orders from Spain, until recently Britain's largest market with estimated purchases of 1.5m tonnes, split evenly between wheat and barley. About 1.35m tonnes of this has already been shipped but new orders from that destination will slow to a trickle, traders predict, as Spain is now locked into a preferential arrangement to import third country maize and sorghum to avoid EEC trade conflict with the US.

Recorded exports of UK grain since the season began last July now top 5.6m tonnes, but only about 600,000 tonnes of this reflects Soviet trade, the rest of which will be shipped up to April. Big orders are expected from Poland, which

MONTHLY UK WHEAT EXPORTS (tonnes)

	1986–87	1985–86
January	471,700	247,600
December	437,300	210,800
November	686,600	116,800
October	615,800	221,000
September	452,800	125,700
August	27,400	35,200
July	61,500	102,900

Source: Grain and Feed Trade Association

has shipped 60,000 tonnes to date but may take over 250,000 tonnes, while South Korea could treble current wheat bookings of just over 100,000 tonnes.

With the biggest and cheapest wheat surplus in the Community, Britain has also discovered new markets in China, reported to have ordered 50,000 tonnes, and Mexico which is reported to have ordered 80,000 believed to be under a barter arrangement involving strict products.

Other EEC member states have doubled their imports of British wheat to 2.1m tonnes while at 1.8m tonnes barley exports to the Continent are almost three times the level reached by this time last year.

Much of the business is compressed into prompt and nearby shipments, causing congestion at several of the largest ports and providing a belated justification for Britain's expanded deepwater facilities, once branded as a white elephant. The heavy export trade should also help grain prices remain firm through the remainder of this season, traders say. Britain had a 13.2m tonnes 1986-87 grain surplus but half of this was carried over from 1985 crop so exports can only be sustained by drawing down intervention stocks if the home market is not to go short. Already this is prompting some of the large UK domestic consumers to show a keen covering interest in grain for April/June delivery.

Sustaining the UK's export drive will also depend, however, on the European Commission's attitude towards export restitutions now that commitments are nudging the voluntary (and somewhat hypothetical) EEC market share agreed with other exporters. This has already risen from 14.5 per cent to around 17 per cent of estimated world trade of 86m tonnes, shippers say.

And another curb on runaway markets—if the Commission has its way—could be cuts in intervention prices and opening periods. New crop ex-farm grain prices could drop by some 8 per cent against this season's opening levels, say some trade experts. However, with UK intervention stocks already down to around 3.8m tonnes, compared with 5.5m at the start of the season, shippers can be excused for small measure of self-congratulation.

US retaliation urged against EEC oils tax

By David Owen in Chicago

THE AMERICAN Soybean Association yesterday announced that it is to seek US Government assistance in its bid to block the implementation of a proposed EEC tax on vegetable fats and oil.

Speaking in Chicago, ASA Chairman, Mr George Fluegel, said that the organisation will be seeking "a congressional mandate for the administration to vigorously protest—with counter-measures—should this tax be approved by the EEC Council of Ministers."

While it is presently unclear what form these counter measures might take, Mr Fleugel hinted that he would like to see the resurrection of a package similar to the one torpedoed by a last minute compromise last month. This would include heavy duty on US imports of a range of European goods including wine, cheese and gin.

The European market is of vital importance to US soyabean farmers, accounting for some 45 per cent of overall exports or $2.4bn per annum.

The ASA feels strongly that the proposed tax discriminates against margarine and soyabean oil and in favour of butter, lard and tallow which are not taxed.

Venezuela uprates oil reserves

BY JOSEPH MANN IN CARACAS

VENEZUELA'S state oil company, Petroleos de Venezuela, has almost doubled its estimate of the country's proven crude oil reserves. The move was prompted by Opec's protracted discussions last October on criteria for sharing output among members. It was generally agreed then that the size of reserves should be one of the most important parameters.

Venezuela has achieved the dramatic increase by adding some new discoveries to the total and, more significantly, by including large volumes of heavy and extra-heavy oil known to exist in traditional production areas and in the Orinoco heavy oil belt.

In effect, it has simply assumed a less conservative approach to the assessment of its huge reserves of heavy oil, the largest so far discovered in the world.

The result has been to boost the proven reserves estimate from 29.32bn barrels at the end of 1985 to 55.52bn barrels at the end of 1986, lifting the country from ninth to fourth position in the world oil reserves league. At the same time the company has raised its estimate of natural gas reserves — mostly associated with oil deposits — from 1.73 trillion (million million) cubic metres to 2.65 trillion.

According to some industry observers, however, Venezuela, like a number of other producers, is stilll understating its proven oil reserves. They say the latest official figure has included only a tiny fraction of the 1.2 trillion barrels estimated to lie in the Orinoco belt.

Aside from its vast reserves Venezuela also has an advantage over some producers in that it is in a position to respond rapidly to any upturn in world oil demand. Its present production capacity of 2.6m b/d could be uprated quickly by reducing the present conservation level for gas produced along with the oil.

Swiss farm exports

SWISS AGRICULTURAL export receipts (including processed foods, beverages and tobacco) dropped by 1.7 per cent last year to SwFr 2.21bn (£940m) in spite of a small rise, of some 1.2 per cent in sales volumes.

Exports remain at little more than one-third of corresponding imports. However, these dropped by some 5 per cent last year to SwFr 6.21bn, largely as a result of the strong Swiss Franc. In volume terms, imports were down by only 1 per cent.

Major Swiss exports are cheese and dairy products, as well as processed foods. Main imports are fruit and wine.

EEC apple curb plan angers traders

BY RICHARD MOONEY

BRITAIN'S FRUIT trade yesterday protested strongly against an EEC Commission plan to curb imports of southern hemisphere apples.

With EEC stores bulging following a bumper crop last year the Commission is seeking to hold this year's imports about 20 per cent below the level the trade was expecting. To achieve this it is planning to impose a "stringent" licensing system in place of the existing voluntary arrangement with supplying countries for controlling import quantities, the Fresh Fruit and Vegetable Information Bureau said yesterday.

The move has caused "a furore among British fruit importers and their continental counterparts," the Bureau claimed.

This year's EEC imports of southern hemisphere apples had been projected to reach 528,000 tonnes, said Mr Sydney Garber of the National Federation of Fruit and Potato Trades, which represents UK wholesalers. "That would have been 77,000 tonnes up from 1986, but the Commission wants to limit imports to 415,000 tonnes, 35,000 tonnes down from last year."

Mr Garber said the voluntary system had worked well for years. "It is in no-one's interest to over-supply the market . . . the EEC's involvement with licences is purely unnecessary bureaucratic fiddling."

Mr Jacques Onona, president of the British Fruit Importers' Association, pointed out that the majority of supplies for the season had been firmly contracted and distribution to supermarkets, wholesalers and greengrocers had been arranged.

LONDON MARKETS

COPPER'S firmer sentiment was again apparent on the London Metal Exchange yesterday and the breaching of fresh resistance points sparked fresh speculative buying. But values were trimmed back somewhat late in the day on freer lending (selling cash and buying forward) which dealers thought might be in response to hopes that the three-month-old strike at Noranda's Horne smelter might be ended by a federal conciliators' recommendation today. Cash Grade A copper closed at £926.50 a tonne, up £10.75, and three months closed at £931.25, up £9.50. In contrast LME aluminium lost most of Wednesday's gains with the cash position ended £11 lower at £862.50 a tonne. Dealers said there was some profit-taking in anticipation of what some described as an "overdue" downward reaction following recent strong gains. Zinc was also lower, in sympathy with copper dealers said, and the cash position ended £5 down at £484 a tonne.

LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM

	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	862-3	—11	866
3 months	857-8	—10	866/854

Official closing (am): Cash 866-7 (864-5), three months 859-60 (860-1), settlement 867 (865). Final Kerb close: 855-5.5.

Turnover: 34,525 tonnes.

COPPER

Grade A	Unoffic'l close	+ or —	High/Low
Cash	926-7	+10.75	934/926
3 months	931-1.5	+9.5	939/925.5

Official closing (am): Cash 934-5 (916.5-7.5), three months 935-7 (920-20.5), settlement 935 (917.5). Final Kerb close: 928-9.

Standard			
Cash	895-6	+15	—
3 months	909-11	+11	914

Official closing (am): Cash 897-900 (880-1), three months 914-5 (897-8), settlement 900 (881).

US Producer prices 64-68 cents per pound.

Total turnover: 52,525 tonnes.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	301-2	—1.75	305
3 months	299.5-300.5	—1.25	305/300

Official closing (am): Cash 305-5.5 (304.5-5), three months 302-2.5 (303.25-3.5), settlement 305.5 (305). Final Kerb close: 299-300.

Turnover: 4,000 tonnes. US Spot: 24-27 cents per pound.

NICKEL

	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	2490-5	—22.5	—
3 months	2505-10	—30	2540/2505

Official closing (am): Cash 2515-20 (2520-5), three months 2525-30 (2523-4), settlement 2520 (2525). Final Kerb close: 2500-5.

Turnover: 1,794 tonnes.

ZINC

High grade	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	483-5	—5	490
3 months	474-6	—5.75	486/475

Official closing (am): Cash 489-90 (489.5-90), three months 482-2.5 (484-4.5), settlement 490 (490). Final Kerb close: 477-8.

Turnover: 11,775 tonnes. US Prime Western: 38.50-44 cents per pound.

TIN

KUALA LUMPUR TIN MARKET: Close 16.93 (16.88) ringgit per kg.

GOLD

Gold rose $4¾ an ounce from Wednesday's close in the London bullion market yesterday to finish at $394¾-395¼. The metal traded between a high of $395½-396 and a low of $391¼-391¾ after opening at $391¼-391¾. The firmer trend was partly a reaction to Tuesday's fall to a low for this year. The dollar's weaker trend during the afternoon may also have improved sentiment.

GOLD BULLION (fine ounce) Feb. 19		
Close	$394¾-395¼	(£258½-259)
Opening	$391¼-391¾	(£257-257½)
M'n'g fix	$392.60	(£256.340)
Aft'n'n fix	$393.35	(£258.528)

GOLD AND PLATINUM COINS		
Am Eagle	$407-412	(£266¾-270)
Mapleleaf	$403¼-408¼	(£264¼-266¼)
Kr'g'r'nd	$393½-396½	(£256-260)
½ Krug	$204¼-206¼	(£133¾-134¼)
¼ Krug	$104-106	(£68¼-68¾)
Angel	$400-403½	(£262¼-264½)
1/10 Angel	$39¼-44¼	(£25¾-29)
New Sov	$94-95	(£61½-62¼)
Old Sov	$94-95½	(£61½-62½)
$ 20 Eagle	$480-530	(£314¾-347½)
Noble Plat	$513-520	(£336¼-340¾)

SILVER

Silver was fixed 2.45p an ounce higher for spot delivery in the London bullion market yesterday at 354.5p. US cent equivalents of the fixing levels were: spot 539.75c, up 0.75c; three-month 548.45c, up 1.05c; six-month 556.95c, up 0.9c; and 12-month 574.2c, up 0.8c. The metal opened at 353-354½p (537-539c) and closed at 355-356½p (542-544c).

SILVER per troy oz	Bullion Fixing Price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	354.50p	+2.45	351.5p	+4
3 months	363.65p	+2.65	361p	+4.5
6 months	373.40p	+6.50	—	—
12 months	389.95p	+2.20	—	—

LME—Turnover: 1 (40) lots of 10,000 oz.

Three months high/low 364p; final kerb 365-6p.

MEAT

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 93.16p per kg lw (+0.37). GB—Sheep 173.01p per kg est dcw (+1.00). GB—Pigs 76.96p per kg lw (—0.06).

FUTURES—Pigs: April 98.30, sales 3.

INDICES

REUTERS

Feb. 18	Feb. 17	M'th ago	Year ago
1594.6	1609.5	1595.6	1834.4

(Base: September 18 1931=100)

DOW JONES

Dow Jones	Feb. 18	Feb. 17	M'th ago	Year ago
Spot	113.79	115.81	—	126.07
Fut	113.50	114.55	—	131.42

(Base: December 31 1931=100)

MAIN PRICE CHANGES

	Feb. 19 1987	+ or —	Month ago
METALS			
Aluminium			
Free Market	$1180/490	—10	$1235/255
Copper			
Cash Grade A	£926.5	+10.75	£877.5
3 mths	£931.25	+9.5	£899.25
Gold Troy oz	$395	+4.75	$409.75
Lead Cash	£301.5	—1.25	£290.5
3 mths	£300	—125	£292.5
Nickel			
Free Mkt	175/185c	—5	160/180c
Palladium oz	$117.15	—0.85	$124.85
Platinum oz	$501.50	+1	$528.00
Quicksilver†	$175/185	+2.5	$150/160
Silver troy oz	354.50p	+2.45	361.45p
3 mths	363.65p	+2.65	371.15p
Tin			
free Mkt	£4450/490	+10	£4470/500
Tungsten	$44.51		$43.18
Wolfram 22.01b	$39/45		$35/46
Zinc	£484	—5	£489.5
3 mths	£475	—5.75	£485.5
producers	$770/780		$690
OILS			
Coconut (Phil)	$380 x		$440
Palm Malayan	$337.5v		$375
Copra (Phil)	$260y		$290
Soyabean (U.S.)	$140	+2	$140
GRAINS			
Barley Fut. May	£116.50	—0.45	£113.60
Maize	£143.50		£143.00
Wheat Fut. May	£118.15	—0.45	£114.95
No. 2 Hard Wint.	‡		‡
OTHERS			
Cocoa Ft. May	£1333	+6.5	£1389.5
Coffee Ft. May	£1462.5	+2	£1602.5
Cotton A Ind.*	55.40c	—0.65	67.00c
Gas Oil Apr.	$141.75	+1.25	$158
Rubber (kilo)	62.75p	—0.75	64.75p
Sugar (raw)	$177z	—7	$178
Wooltops 64s	482p kilo	+4	421p kilo

‡ Unquoted. † Per 76-lb flask. c Cents a pound. * Cottin outlook. y-Feb-March. v April. z March-April. x April-May.

COFFEE

After two highly volatile sessions the market appeared to take stock of the situation and was relatively calm, reports Drexel Burnham Lambert. The aggressive trade selling that had been the main feature of the previous two days was missing and modrate short-covering took levels some £30 above Wednesday night's close. Nearby differentials remained steady adding a little more stability.

COFFEE	Yesterday close	+ or —	Business Done
Mar	1466-1470	+10.0	1500-1440
May	1460-1465	+9.0	1485-1440
July	1490-1495	+21.5	1505-1459
Sept	1527-1529	+31.5	1530-1481
Nov	1555-1560	+37.5	1555-1505
Jan	1570-1580	+35.0	1580-1566
Mar	1580-1590	+30.0	—

Sales: 4,541 (9,179) lots of 5 tonnes.

ICO indicator prices (US cents per pound) for February 18: Comp daily 1979 108.91 (109.35); 15-day average 116.06 (116.70).

COCOA

Futures ended the day at the upper end of a £13 trading range. Physicals generally failed to attract great interest but some light producer and consumer business was noted, reports Gill and Duffus.

COCOA	Yesterday's close £ per tonne	+ or —	Business done
March	1296-1299	+2.0	1309-1297
May	1332-1334	+6.5	1335-1320
July	1358-1359	+2.0	1362-1350
Sept	1384-1385	+1.0	1351-1377
Dec	1405-1409	+0.5	1408-1400
March	1435-1436		1437-1458
May	1455-1456	+8.5	1465-1462

Sales: 2,989 (4,357) lots of 10 tonnes.

ICCO indicator prices (SDRs per tonne). Daily price for February 19: 1,550.87 (1,552.64); 10-day average for February 20: 1,551.56 (1,549.43).

GRAINS

Mnth	WHEAT Yest'rdy's close	+ or —	BARLEY Yest'rdy's close	+ or —
Mar	116.65	—0.45	114.05	—0.65
May	118.15	—0.45	116.50	—0.45
July	120.05	—0.50	—	—
Sep	99.35	—	98.40	—
Nov	101.50	—	100.65	—0.15
Jan	104.35	+0.05	103.60	—0.20
Mar	106.70	—0.05	105.65	—0.45

Business done—Wheat: Mar 117.00-6.50, May 118.40-8.00, July 120.30-20.0, Sept 99.35-9.30, Nov 101.50-1.40, Jan 104.35-4.30, Mar untraded. Sales: 1,209 lots of 100 tonnes. Barley: Mar 114.70-4.05, May 116.75-6.40, Sept untraded, Nov 100.65-0.50, Jan untraded, Mar 105.65. Sales: 180 lots of 100 tonnes.

LONDON GRAINS—Wheat: US dark northern spring no. 1 15 per cent March 102.50, April/May 98.00. US no. 2 soft red winter March 103.50. French 11½-12 per cent Jan 142.50. English feed fob Feb 119.00 seller, March 120.50/121.00, April/June 122.00/122.50 buyer/seller. Maize: US no. 3 yellow/French transhipment east coast Feb 143.50 quoted. Barley: English feed fob March 118.00/119.00 buyer/sellers Scottish, 120 seller English.

HGCA—Locational ex-farm spot prices. Feed barley: S. West 116.00, W. Mids 113.90, N. West 111.70. The UK monetary coefficient for the week beginning Monday February 23 will remain unchanged.

SOYABEAN MEAL

Nearby positions found good support on the back of weak sterling and good commercial buying. Forward positions also moved higher on local spread buying, reports Muirpace.

	Y'sterd'ys close £ per tonne	+ or —	Business done
Feb	—	—	—
April	123.5-126.8	+0.75	—
June	115.0-115.5	+0.45	115.5-115.5
August	110.8-111.7	+0.30	111.5-111.5
October	111.5-112.0	+0.40	112.0
Dec	113.0-115.7	+0.10	113.5-113.0
Feb	116.4-117.0	+0.86	116.5

Sales: 411 (94) lots of 20 tonnes.

POTATOES

With a Dutch physical quote at Fl 23-24 and futures under pressure the London futures market lacked confidence, opened down and slipped to £147.00, basis April, before concerted profit-taking and short-covering helped values recovery. Assisted by a recovery in Holland, the market continued to firm, reports Coley and Harper.

Month	Yesterday's close £ per tonne	Previous close	Business done
Apr	150.80	149.80	151.00-147.00
May	171.00	171.50	171.00-166.70
Nov	89.30	89.00	—
Feb	99.00	99.00	—
Apr	117.00	118.00	—

Sales: 1,306 (923) lots of 40 tonnes.

US MARKETS

TRADE AND LOCAL buying initially took gold futures to the resistance levels commencing $400, basis April, reports Drexel Burnham Lambert. Following narrow range trading around these higher levels renewed buying interest touched off stops above $400.50 as the market rose sharply before the close. Platinum futures also rallied strongly towards the close as local and commission house buying and short-covering took the market through medium-term downtrends and prices rose in a move reflecting the gold. Silver futures featured trade support at lower levels before also reacting on the upside. Early trade buying in copper futures rallied prices before a combination of local, commission house and arbitrage selling pared gains. Local short-covering saw prices recover towards the close as the market moved above the 63.00 level in March. Early local and commission house selling in crude oil futures saw prices fall, but support emerged to prompt short-covering. The trade was a noted buyer in the back months.

Trade buying in near months against selling in forward months was enough to steady coffee futures in anticipation of the ICO meeting. Industry buying near contracts lows in cocoa futures prompted short-covering, especially by the trade, as the market steadied in the face of Brazilian selling. Good Japanese buying in the March and October delivery months coupled with trade support at the lows helped sugar futures rally despite price-fix selling at the highs and commisison house rolling of near positions into forward months. Commisison house liquidation in March cotton futures touched off stops as the market fell on a technical move before trade buying emerged at the lows. The grains were lacklustre,

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	Prev	High	Low
Feb	57.30	59.40	—	—
March	57.35	59.45	59.25	57.35
May	57.50	59.50	59.25	57.50
July	57.20	59.05	58.90	57.20
Sept	57.00	58.00	57.40	57.40
March	57.00	58.00	—	—
May	57.00	58.00	—	—

COCOA 10 tonnes, $/tonnes

	Close	Prev	High	Low
March	1833	1810	1822	1797
May	1868	1844	1870	1832
July	1897	1876	1896	1863
Sept	1925	1903	1926	1895
Dec	1954	1937	1946	1924
March	1989	1969	1990	1957
May	2011	1990	—	—

COFFEE "C" 37,500 lb, cents/lb

	Close	Prev	High	Low
March	117.43	113.23	117.50	114.00
May	119.72	116.38	119.80	117.00
July	121.75	118.75	121.75	120.00
Sept	123.96	122.00	124.00	122.25
Dec	126.00	124.25	126.25	124.75
March	126.13	125.25	127.00	126.25
May	127.25	126.25	127.50	127.50

COPPER 25,000 lb, cents/lb

	Close	Prev	High	Low
Feb	63.05	63.00	—	—
March	63.05	63.00	63.60	62.40
May	63.10	63.10	63.60	62.55
July	63.25	63.10	63.65	62.70
Sept	63.45	63.35	63.90	63.20
March	64.45	64.35	64.55	64.30
May	64.25	64.75	64.75	64.75
July	65.25	65.10	65.00	65.00

COTTON 50,000 lb, cents/lb

	Close	Prev	High	Low
March	52.65	54.37	53.70	52.50
May	52.14	53.80	53.10	52.05
July	51.57	53.58	52.75	51.55
Oct	51.50	53.05	52.90	51.40
Dec	51.05	52.63	52.30	51.00
March	51.60	53.25	52.75	51.60
May	52.10	53.70	—	—

CRUDE OIL (LIGHT) 42,000 US gallons, $/barrels

	Latest	Prev	High	Low
March	17.42	17.40	17.50	17.25
April	17.31	17.29	17.44	17.17
May	17.20	17.21	17.34	17.09
June	17.14	17.15	17.28	17.04
July	17.10	17.12	17.22	17.02
August	17.06	17.10	17.16	17.00
Sept	17.12	17.14	17.25	17.05
Oct	17.15	17.20	17.30	17.15
Dec	17.30	17.34	17.44	17.30

GOLD 100 troy oz, $/troy oz

	Close	Prev	High	Low
Feb	400.2	392.7	401.0	393.0
March	400.9	393.5	398.0	394.5
April	402.7	395.3	403.5	394.3
June	406.5	399.1	407.5	398.0
August	410.4	403.0	407.5	403.0
Oct	414.1	406.7	407.9	407.9
Dec	417.9	410.6	418.9	410.0
Feb	421.7	414.5	418.0	414.2
June	429.5	422.5	427.5	422.1
Dec	442.1	435.4	440.0	436.0

HEATING OIL 42,000 US gallons, cents/US gallons

	Latest	Prev	High	Low
March	48.96	47.19	47.50	46.60
April	46.70	47.05	47.40	46.50
May	46.25	46.68	46.90	46.10
June	45.85	46.05	46.35	45.60
July	45.95	46.05	46.25	45.75
August	46.75	46.55	46.75	46.55
Sept	47.50	47.40	47.50	47.50

ORANGE JUICE 15,000 lb, cents/lb

	Close	Prev	High	Low
March	123.20	123.90	123.70	122.65
May	124.70	125.70	125.60	124.30
July	126.10	126.45	126.50	125.75
Sept	126.70	127.00	126.70	126.00

PLATINUM 50 troy oz, $/troy oz

	Close	Prev	High	Low
Feb	512.8	500.8	498.5	498.5
April	514.5	502.8	515.0	498.0
July	518.0	506.1	519.0	502.0
Oct	522.0	510.1	523.0	507.0
April	530.7	518.8	—	—

SILVER 5,000 troy oz, cents/troy oz

	Close	Prev	High	Low
Feb	546.5	539.8	542.5	537.0
March	547.5	541.0	548.0	539.0
May	553.5	547.1	554.0	545.0
July	559.4	553.0	560.0	551.5
Sept	565.4	559.1	567.0	[illegible]
Dec	574.5	568.3	575.0	566.5
Jan	577.6	571.4	—	—
March	583.5	577.3	583.5	579.0
May	589.7	583.6	—	—
July	596.2	590.2	—	—

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	Prev	High	Low
March	7.43	7.19	7.44	7.20
May	7.70	7.48	7.74	7.54
July	7.83	7.53	7.84	7.66
Sept	7.82	7.61	7.77	7.75
Oct	7.91	7.66	7.93	7.75
March	8.20	8.00	8.20	8.10

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	Prev	High	Low
Feb	64.85	64.67	65.00	64.27
April	64.12	64.32	64.97	64.05
June	61.60	61.80	62.40	61.50
August	58.65	58.95	59.10	58.50
Oct	57.47	57.80	58.00	57.40
Dec	57.57	57.72	57.90	57.42
Feb	57.25	57.85	58.00	57.25

LIVE HOGS 30,000 lb, cents/lb

	Close	Prev	High	Low
Feb	48.77	49.10	49.17	48.77
April	42.97	43.00	43.35	42.75
June	44.75	45.05	45.25	44.60
July	44.42	44.60	44.90	44.35
August	42.12	42.12	42.20	42.10
Oct	38.25	38.50	38.95	38.25
April	37.05	37.05	37.05	36.95

MAIZE 5,000 bu min, cents/56-lb bushel

	Close	Prev	High	Low
March	145.2	144.2	145.4	144..
May	152.4	151.2	153.0	151..
July	157.4	156.2	157.6	156..
Sept	160.6	159.4	161.2	159..
Dec	166.6	165.2	166.6	165..
March	174.4	173.0	174.4	173..
May	176.6	176.2	176.6	175..

PORK BELLIES 38,000 lb, cents/lb

	Close	Prev	High	Low
Feb	60.05	60.47	61.60	60.05
March	59.90	59.47	60.42	59.25
May	59.60	59.65	60.20	59.10
July	57.70	57.77	58.60	57.30
August	56.47	56.67	56.80	56.00

SOYABEANS 5,000 bu min, cents/60-lb bushel

	Close	Prev	High	Low
March	486.0	485.2	486.6	484..
May	484.0	483.0	485.0	482..
July	483.2	482.0	484.0	481..
August	480.6	479.4	481.4	479..
Sept	472.0	469.2	472.2	469..
Nov	467.4	464.2	468.0	464..
Jan	473.2	470.2	473.4	471..
March	474.8	477.0	480.0	477..
May	482.0	480.0	482.0	480..

SOYABEAN MEAL 100 tons, $/ton

	Close	Prev	High	Low
March	144.1	144.4	144.6	143..
May	138.1	137.8	138.6	137..
July	136.0	135.7	136.7	135..
August	135.0	135.4	136.3	135..
Sept	134.5	134.0	135.2	134..
Oct	133.3	133.0	133.5	133..
Dec	133.9	133.2	134.0	133..
Jan	134.2	133.5	134.2	134..
March	135.5	136.0	136.1	136..

SOYABEAN OIL 60,000 lb, cents/lb

	Close	Prev	High	Low
March	15.42	15.56	15.59	15.4
May	15.78	15.89	15.93	15.7
July	16.07	16.19	16.24	16.0
August	16.18	16.27	16.31	16.1
Sept	16.27	16.37	16.40	16.2
Oct	16.29	16.41	16.44	16.2
Dec	16.44	16.51	16.60	16.4
Jan	16.40	16.49	16.45	16.4

WHEAT 5,000 bu min, cents/60-lb bushel

	Close	Prev	High	Low
March	279.6	277.0	280.2	277.
May	268.2	264.6	269.4	265.
July	251.0	249.0	251.4	249.
Sept	250.6	248.4	250.6	249.
Dec	257.6	255.0	257.6	256.
March	279.6	277.0	280.2	277.

SPOT PRICES—Chicago loose lard 14.50 (same) cents per pound. Handy and Harman silver bullion 541.5 (536.5) cents per troy ounce.

RUBBER

PHYSICALS — The London market opened easier, attracted routine business through the day and closed quiet, reports Lewis and Peat. Closing prices (buyers): Spot 62.75p (63.50p); March 64.25p (65.00). April 64.00p (64.75p). Kuala Lumpur fob prices (Malaysian cents a kilo): RSS No 1 227.5 (229.5) and SMR 20 200.5 (204.0).

FUTURES—Index 638, March 663-673, April/June 658-678, July/Sept 678-688. Sales: nil.

FREIGHT FUTURES

The market opened on a weaker note after talk of lower fixtures for the Gulf / Amsterdam-Rotterdam-Antwerp route. Support was found at the lower levels and buying interest buoyed the market, but profit-taking was encountered at the close, reports Clarkson Wolff.

	Close	High/Low	Prev.
Dry Cargo			
April	770/771	775/760	773/775
July	662/663	662.5/659	663/668
Oct.	771/778	771.5/765	767/769
Jan.	785	785	782
Apr.	815/855	—	820
July	695/700	—	680
Oct.	800/815	820	820/825
Jan.	865	860	870/880
BFI.	861	—	865.5

Turnover: 196 (72).

GAS OIL FUTURES

Month	Yestrdy's close US $ per tonne	+ or —	Business Done
Mar	141.25	+1.25	142.50-39.00
Apr	141.75	+1.25	142.75-38.50
May	141.00	+1.00	141.50-39.75
June	140.25	+1.50	141.00-38.75
July	139.50	+2.00	139.50-38.00

Turnover: 2,968 (3,357) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar $177.00 (£116.50), down $7.00 (down £3.50*) a tonne for March-April delivery. White sugar $198.50, down $3.00. (*Official correction).

Reports that China had purchased 50,000 tonnes of raws steadied the market after Wednesday's sell-off, reports C. Czarnikov.

No. 6 Contract	Y'sterdy's close	Previous close	Business done
	$ per tonne		
Mar	188.0-186.2	182.0-182.2	188.4-181
May	171.6-171.8	167.2-167.4	172.8-168
Aug	174.2-174.8	169.4-169.6	175.2-172
Oct	178.4-178.8	172.0-172.4	177.2-171
Dec	178.2-180.0	175.0-177.0	177.0
Mar	182.8-185.4	128.0-179.4	—
May	185.2-186.0	178.0-182.0	—

Sales: 3,313 (4,333) lots of 5 tonnes.

Tate & Lyle delivery price for granulated basis sugar was £221.0 (£225.00) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports). Prices for February 18: Daily price 7.02 (7.36); 15-day average 7.40 (7.44).

OIL

April Brent traded moderately close to $17 after early deals at $16.85. March Brent was little traded but was quoted about 2c under April. Dubai was discussed at 60c discount against Brent in an exchange of April cargoes. March WTI opened 2c down on Nymex and traded 2c up at 1.30 pm EST. In the petroleum products market gas oil and naphtha recovered slightly from Wednesday's fall but markets remained generally quiet in IP week—Petroleum Argus, London.

	Latest	Change + or —
CRUDE OIL—FOB ($per barrel)—Mar.		
Arab Light	—	—
Arab Heavy	—	—
Dubai	16.40-16.50	—0.10
Brent Blend	16.90-17.00	+0.02
W.T.I. (1pm est)	17.40-17.45	—
Forcados (Nigeria)	—	—
Urals (cif NWE)	—	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	170-175	—
Gas Oil	140-141	+1
Heavy fuel oil	85-87	—
Naphtha	155-157	+2

Petroleum Argus estimates

HEAVY FUEL OIL

Month	Yesterday close US $ per tonne	+ or —	Business Done
Mar	88.00	+2.50	88.00-86.00
Apr	86.00	+2.00	—
May	84.00	+6.00	84.00-83.00

Turnover: 36 (10) lots of 100 tonnes

CURRENCIES, MONEY & CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar erratic on G-7 news

THE DOLLAR rose sharply in currency markets yesterday, following news that finance ministers of the group of seven nations were meet in Paris this weekend. However it lost virtually all of its gains later in the day as dealers became less than enamoured with comments made by Mr Paul Volcker, chairman of the US Federal Reserve Board.

Reports of a G-7 meeting were first heard in Tokyo and dealers moved quickly to buy dollars amid hopes tha some sort of dollar support package would be forthcoming. News of the meeting tended to overshadow other market factors, with a downward revision in US fourth quarter GNP to 1.3 per cent from 1.7 per cent generally ignored for the time being. Comments by Mr Paul Volcker, chairman of the US Federal Reserve Board and also by Mr James Baker, US Treasury Secretary were still being digested by the market in the early part of the afternoon but towards the close in London the market became wary following Mr Volcker's cautionary note on the dangers of trade deficits on growth potential.

Consequently the dollar gave up most of the day's gains and finished only marginally firmer from overnight levels. The market was also *starting to show signs of doubt concerning the G-7 meeting* because of the problems involved with making practical any agreement reached on paper.

The dollar touched a best level of DM1.8630 early in the day but slipped back to finish at DM1.8335 compared with DM1.8285. Against the yen it finished at Y154.05 from Y153.75 and SFr 1.5515 from SFr 1.5470. Against the French franc it rose to FFr 6.1050 from FFr 6.0900. On Bank of England figures, the dollar's exchange rate index rose to 104.4 from 104.2.

STERLING—Trading range against the dollar in 1986-87 is 1.5555 to 1.3700. January average 1.5071. Exchange rate index 69.2 against 69.5 at the start and 69.3 on Wednesday. The six months ago figure was 72.0.

Sterling opened on a firm note, helped to some extent by a stronger dollar and also by increased optimism over the UK economy. More opinion polls pointing to a Conservative Party lead also provided background support. However, it lost ground during the afternoon as the dollar weakened and closed at $1.5260 from $1.5320. Against the D-Mark it slipped to DM 2.7975 from DM 2.8025 and Y235.0 from Y235.50. Elsewhere it eased to FFr 9.3150 from FFr 9.33 and SFr 2.3675 compared with SFr 2.37.

D-MARK—Trading range against the dollar in 1986-87 is 2.4710 to 1.7870. January average 1.8568. Exchange rate index 148.0 against 139.2 six months ago.

Early trading in Frankfurt saw the dollar move sharply firmer on reports that a G-7 meeting would be held this weekend. It was fixed at DM 1.8483 up from DM 1.8258, having encountered profit taking at the morning's high of DM 1.8630. There was no intervention by the Bundesbank. The dollar closed at DM 1.8465 compared with DM 1.8315 on Wednesday.

JAPANESE YEN—Trading range against the dollar in 1986-87 is 202.70 to 151.30. January average 154.62. Exchange rate index 208.9 against 218.5 six months ago.

Reports about a G-7 meeting this weekend were apparently leaked by a Japanese central bank official and it was in Tokyo that the dollar started to improve sharply. Traders rushed to cover short positions on the assumption that a package of measures to support the dollar was going to be the outcome. The dollar closed at Y154.75 from Y153.90 in New York and Y153.35 in Tokyo on Wednesday.

In Lagos the Nigerian naira fell sharply against the dollar at yesterday's auction. The dollar was fixed at 3.9050 naira compared with 3.00 the previous week. The high premium commanded by the dollar was effectively the result of the central bank only offering $50m instead of the more usual $75m. The effective rate for the coming week, which includes a 0.5 per cent levy is 3.9246.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu February 19	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	42.7720	+0.74	+0.74	±1.5344
Danish Krone	7.85212	7.77906	−0.93	−0.93	±1.6404
German D-Mark	2.05853	2.06626	+0.38	+0.38	±1.0981
French Franc	6.90403	6.87972	−0.35	−0.35	±1.3674
Dutch Guilder	2.31943	2.33227	+0.55	+0.55	±1.5012
Irish Punt	0.768411	0.776103	+1.00	+1.00	±1.6684
Italian Lira	1483.58	1469.68	−0.94	−0.94	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ IN NEW YORK

Feb 19	Latest	Previous Close
£ Spot	1.5280-1.5290	1.5310-1.5320
1 month	0.54-0.52 pm	0.53-0.52 pm
3 months	1.63-1.59 pm	1.46-1.44 pm
12 months	5.65-5.55 pm	5.20-5.10 pm

Forward premiums and discounts apply to the U.S. dollar.

STERLING INDEX

	Feb. 19	Previous
8.30 am	69.5	69.1
9.00 am	69.5	69.2
10.00 am	69.4	69.2
11.00 am	69.3	69.2
Noon	69.3	69.2
1.00 pm	69.3	69.2
2.00 pm	69.3	69.2
3.00 pm	69.3	69.3
4.00 pm	69.2	69.3

CURRENCY RATES

Feb. 19	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.824675	0.734094
U.S. Dollar	5.5	1.25499	1.11720
Canadian $	8.20	*	1.49280
Austrian Sch.	4	16.3349	14.5314
Belgian Franc	8½	48.0222	42.7720
Danish Krone	7	8.71277	7.77906
Deutsche Mark	3.0	2.31960	2.06626
Neth. Guilder	4½	2.61916	2.33227
French Franc	9½	7.72446	6.87972
Italian Lira	12	N/A	1469.68
Japanese Yen	3.0	193.519	172.663
Norway Krone	8	8.85772	7.86956
Spanish Peseta	—	163.259	145.236
Swedish Krona	7½	8.23838	7.31934
Swiss Franc	3.5	1.96092	1.74674
Greek Drach.	20½	169.737	151.566
Irish Punt	—	N/A	0.776103

*CS/SDR rate for Feb. 18; 1.67997

CURRENCY MOVEMENTS

February 19	Bank of England Index	Morgan Guaranty Changes %
Sterling	69.2	−24
U.S. Dollar	104.4	−2.8
Canadian Dollar	78.6	−10.2
Austrian Schilling	139.1	+10.7
Belgian Franc	100.5	−3.7
Danish Krone	93.9	+4.7
Deutsche Mark	148.0	+22.5
Swiss Franc	170.3	+21.0
Guilder	135.1	+14.8
French Franc	72.1	−12.2
Lira	48.5	−15.2
Yen	208.9	+56.0

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base average 1975=100).

OTHER CURRENCIES

Feb. 19	£	$
Argentina	2.1175-2.1265	1.3930-1.3980
Australia	2.2825-2.2855	1.5020-1.5035
Brazil	26.9200-27.0800	17.7170-17.8060
Finland	6.9755-6.9950	4.5910-4.5930
Greece	205.15-208.65	134.85-137.15
Hong Kong	11.8535-11.8680	7.8010-7.8030
Iran	110.80*	72.60*
Korea (Sth)	1305.35-1317.20	852.70-859.70
Kuwait	0.42130-0.42200	0.27720-0.27740
Luxembourg	58.30-58.40	38.20-38.30
Malaysia	3.8860-3.8920	2.5565-2.5585
N. Zealand	2.7630-2.7705	1.8180-1.8215
Saudi Ar.	5.7000-5.7055	3.7500-3.7510
Singapore	3.2660-2.2710	2.1490-2.1510
S. Af. (Cm)	3.1825-3.2050	2.1000-2.1045
S. Af. (Fn)	6.4655-6.7525	4.2555-4.4445
Taiwan	53.45-53.70	34.75-35.05
U.A.E.	5.5820-5.5875	3.6725-3.6735

POUND SPOT—FORWARD AGAINST THE POUND

Feb. 19	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.5170-1.5270	1.5255-1.5265	0.54-0.51c pm	4.13	1.50-1.45 pm	3.87
Canada	2.0295-2.0365	2.0295-2.0305	0.59-0.51 c pm	3.25	1.50-1.38 pm	2.84
Neth'lands	3.15½-3.19	3.16-3.17	1½-1¼ c pm	5.21	4⅛-3⅞ pm	5.06
Belgium	57.91-58.52	58.30-58.40	17-12 c pm	2.98	42-36 pm	2.67
Denmark	10.56¼-10.64¼	10.56¾-10.57¾	par-⅝ ore dis	−0.35	1¼-2 dis	−0.61
Ireland	1.0520-1.0615	1.0555-1.0565	0.30-0.50 p dis	−4.55	0.85-1.05 dis	−3.60
W. Germany	2.78½-2.82¼	2.79¼-2.80¼	1½-1¼ pf pm	6.17	4½-4¼ pm	6.26
Portugal	214.39-218.49	217.55-218.45	81-161 c dis	−6.66	284-397 dis	−6.25
Spain	197.45-198.58	198.25-198.55	20-38 c dis	−1.75	92-117 dis	−2.11
Italy	1986½-2011½	1989½-1990½	2-par lire pm	0.60	1pm-1 dis	—
Norway	10.70½-10.76	10.75-10.76	2⅞-3⅞ ore dis	−3.63	11⅞-12⅞ dis	−4.37
France	9.31-9.42	9.31-9.32	1½-1⅛ c pm	2.01	3⅞-3½ pm	1.58
Sweden	9.94½-9.98¼	9.94½-9.95½	par-½ ore dis	−0.30	1¼-1⅝ dis	−0.56
Japan	234½-235½	234½-235½	1¼-1⅛ y pm	6.06	3¾-3½y pm	6.17
Austria	19.66-19.87	19.66-19.69	10⅛-9 gro pm	5.83	27⅛-25½ pm	5.37
Switzerland	2.36¼-2.38½	2.36¼-2.37¼	1½-1¼ c pm	6.97	4-3¾ pm	6.55

Belgian rate is for convertible francs. Financial franc 58.60-58.70. Six-month forward dollar 2.75-2.74 c pm 12-month 5.20-5.10 c pm.

DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

Feb. 19	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.5170-1.5270	1.5255-1.5265	0.54-0.51c pm	4.13	1.50-1.45 pm	3.87
Ireland†	1.4335-1.4540	1.4455-1.4465	0.90-0.83c pm	7.23	2.68-2.53 pm	7.26
Canada	1.3300-1.3382	1.3320-1.3370	0.09-0.11c dis	−0.90	0.33-0.36 dis	−1.03
Netherlands	2.0600-2.1000	2.0735-2.0745	0.17-0.14c pm	0.89	0.58-0.53 pm	1.06
Belgium	38.18-38.45	38.20-38.30	3-5c dis	−1.25	11-13 dis	−1.25
Denmark	6.92½-7.02¼	6.92½-6.93	2.05-2.95ore dis	−4.31	6.95-7.45 dis	−4.02
W. Germany	1.8230-1.8630	1.8330-1.8340	0.34-0.31pf pm	2.11	1.08-1.03 pm	2.28
Portugal	141½-143½	141½-142	110-160c dis	−11.33	350-420 dis	−10.77
Spain	128.75-130.52	129.15-129.25	58-68c dis	−5.81	180-195 dis	−5.77
Italy	1297-1324½	1303¾-1304¼	3½-4½lire dis	−3.66	11½-13 dis	−3.73
Norway	7.02-7.07	7.04½-7.05	4.20-4.90ore dis	−7.75	14.40-15.10dis	−8.37
France	6.10-6.10¾	6.10¼-6.10½	1.05-1.25c dis	−2.24	3.45-3.85 dis	−2.37
Sweden	6.50½-6.57	6.51½-6.52¼	2.10-2.60 ore dis	−4.30	7.00-7.60 dis	−4.46
Japan	153.80-154.85	154.00-154.10	0.27-0.24y pm	1.98	0.91-0.86 pm	2.29
Austria	12.89¾-13.09¼	12.90-12.90½	1.70-1.30gro pm	1.39	5.00-4.00 pm	1.39
Switzerland	1.5430-1.5745	1.5510-1.5520	0.37-0.33c pm	2.69	1.09-1.04 pm	2.73

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 38.40-38.50.

EURO-CURRENCY INTEREST RATES

Feb. 19	Short term	7 Days' notice	One Month	Three Months	Six Months	One Year
Sterling	11¼-11½	11¼-11⅜	10⅞-11⅛	10⅝-10⅞	10⅛-10⅜	10⅛-10⅜
U.S. Dollar	6¼-6⅜	5⅞-6⅛	6¼-6⅜	6⅜-6½	6⅜-6½	6⅜-6½
Can. Dollar	6½-6¾	6¾-7	7-7⅛	7⅛-7¼	7⅛-7⅞	7⅜-7⅝
D. Guilder	5⅛-5⅜	5⅛-5⅜	5⅛-5⅜	5⅛-5⅜	5⅛-5⅜	5⅛-5⅜
Sw. Franc	¾-1	¾-1	3⅝-3¾	3⅝-3¾	3⅝-3⅞	3⅝-3⅞
Deutschmark	3⅞-4	3⅞-4⅛	4-4⅛	4⅛-4¼	4⅛-4¼	4⅛-4¼
Fr. Franc	9-9⅛	8⅜-8⅝	8⅛-8⅜	8⅛-8⅜	8⅛-8⅜	8⅛-8⅜
Italian Lire	9-12	9⅛-10⅛	10-10½	10-10½	10-10½	10-10½
B. Fr. (Fin.)	7⅛-7⅜	7⅛-7⅜	7⅛-7⅞	7⅛-7⅞	7⅜-7⅝	7⅜-7⅝
B. Fr. (Con.)	7¼-7⅞*	7½-8	7¼-8¼	7¼-8¼	7¼-8¼	7⅜-8¼
Yen	4⅛-4⅜	4⅛-4⅜	4⅛-4⅜	4⅛-4¼	4⅛-4¼	4⅛-4¼
D. Krone	10¾-11¼	11-11½	10¾-11¼	10¾-11¼	10¾-11¼	10¾-11¼
Asian $ (Sing.)	3⅞-3½	N/A	3⅜-3½	3⅜-3½	3⅜-3½	3⅜-3½

Long-term Eurodollars: Two years 6¾-7 per cent; three years 7⅛-7⅜per cent; four years 7⅜-7⅝ per cent; five years 7⅝-7⅞ per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Feb. 19	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1.	1.526	2.798	235.0	9.315	2.368	3.165	1990.	2.030	58.36
$	0.655	1.	1.834	154.1	6.105	1.552	2.074	1304.	1.330	38.25
DM	0.357	0.545	1.	84.00	3.330	0.846	1.131	711.3	0.726	20.86
YEN	4.255	6.494	11.30	1000.	39.64	10.07	13.47	8468.	8.638	248.3
F Fr.	1.074	1.638	3.003	252.3	10.	2.542	3.398	2136.	2.179	62.64
S Fr.	0.422	0.645	1.182	99.26	3.935	1.	1.337	840.5	0.857	24.65
H Fl.	0.316	0.482	0.884	74.25	2.943	0.748	1.	628.8	0.641	18.44
Lira	0.503	0.767	1.406	118.1	4.681	1.190	1.590	1000.	1.020	29.32
C $	0.493	0.752	1.378	115.8	4.589	1.166	1.559	980.3	1.	28.74
B Fr.	1.714	2.615	4.794	402.7	15.96	4.057	5.424	3410.	3.479	100.

Yen per 1,000: French Fr per 10: Lira per 1,000: Belgian Fr per 100.

FINANCIAL FUTURES

Record volume on Liffe

VOLUME OF trading on the London International Financial Futures Exchange was a record 65,365 contracts for futures and options yesterday, compared with 61,398 on February 6. FTSE 100 index futures made a record 1,856, and open interest on Eurodollar futures was a record for the third consecutive day.

The level of activity reflected the plethora of market-affecting news, virtually all of which was considered bullish by traders. The fact that long term gilt and US Treasury bond futures gave up most of their gains, to finish near the lowest levels of the day, was partly profit taking, but dealers said it was also the result of indigestion at so much good news, which left the market long, and beginning to worry that perhaps the Group of Seven meeting, planned for the weekend, will not produce a permanent cure for the volatility of the foreign exchange market.

Another major factor pulling sterling interest rate contracts back was the strong reaction of the Bank of England to pressure in the London money market for a cut in UK bank base rates. News that the authorities had lent funds at a rate in line with the present level of base rates offset Liffe's early optimism to recent opinion polls pointing towards success for the Conservatives, if there is to be an election.

In spite of the weaker tone in late trading dealers suggested sentiment remains generally very healthy.

Dollar denominated contracts received a boost from the revised fourth quarter US Gross National Product growth figure of 1.3 per cent, compared with the previous estimate of 1.7 per cent, but since this was also seen as a possible factor weakening the dollar reaction was muted.

News from Washington on speeches by Mr Paul Volcker, chairman of the Federal Reserve Board, and Mr James Baker, US Treasury Secretary, were also regarded as generally encouraging.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls—Last Mar.	Calls—Last June	Puts—Last Mar.	Puts—Last June
106	11.44	11.60	0.00	0.02
108	9.44	10.00	0.00	0.06
110	7.44	8.09	0.00	0.15
112	5.44	6.25	0.00	0.31
114	3.44	4.52	0.00	0.58
116	1.44	3.32	0.00	1.38
118	0.14	2.26	0.34	2.32
120	0.00	1.36	2.20	3.41

Estimated volume total, Calls 3,623 Puts 791
Previous day's open int: Calls 18,160 Puts 11,953

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls—Last Mar.	Calls—Last June	Puts—Last Mar.	Puts—Last June
90	10.04	9.12	0.00	0.06
92	8.04	7.21	0.00	0.15
94	6.04	5.38	0.00	0.32
96	4.04	4.05	0.00	0.63
98	2.04	2.51	0.00	1.45
100	0.24	1.46	0.20	2.40
102	0.01	1.06	1.61	4.00
104	0.00	0.39	3.60	5.33

Estimated volume total, Calls 190 Puts 2
Previous day's open int: Calls 1,164 Puts 544

LIFFE FT-SE 100 INDEX FUTURES OPTIONS

Strike Price	Calls—Last Feb	Calls—Last Mar	Puts—Last Feb	Puts—Last Mar
17250	23.00	23.03	0.00	0.03
17500	20.50	20.58	0.00	0.08
17750	18.00	18.15	0.00	0.15
18000	15.50	15.78	0.00	0.29
18250	13.00	13.51	0.00	0.51
18500	10.50	11.20	0.00	0.70
18750	8.00	9.32	0.00	1.32
19000	5.50	7.46	0.00	1.96

Estimated volume total, Calls 117, Puts 27
Previous day's open int, Calls 399 Puts 465

LIFFE £/$ OPTIONS
£25,000 (cents per £1)

Strike Price	Calls—Last Mar.	Apr.	May	June	Puts—Last Mar.	Apr.	May	June
1.30	22.55	—	—	22.55	0.00	—	—	0.02
1.35	17.55	—	—	17.55	0.00	—	—	0.11
1.40	12.55	12.55	12.55	12.55	0.00	0.03	0.26	0.44
1.45	7.55	7.55	7.55	7.55	0.09	0.28	0.98	1.36
1.50	2.81	3.13	3.83	3.45	0.70	1.46	2.65	2.69
1.55	0.55	0.95	1.70	1.90	3.44	4.28	5.52	6.14
1.60	0.04	0.18	0.61	0.77	7.95	8.51	9.43	10.01

Estimated volume total, Calls 0 Puts 20
Previous day's open int, Calls 1,279 Puts 1,816

LONDON SE £/$ OPTIONS
£12,500 (cents per £1)

Strike Price	Calls—Last Mar.	Apr.	May	June	Puts—Last Mar.	Apr.	May	June
1.35	18.70	—	—	13.90	0.25	—	—	0.80
1.40	12.10	12.10	12.10	12.10	0.30	0.30	0.40	0.65
1.45	7.10	7.10	7.10	7.20	0.30	0.55	1.20	1.65
1.50	2.50	3.00	3.50	3.80	1.00	1.90	2.60	3.60
1.55	0.50	1.00	1.45	1.80	4.00	4.90	5.90	6.65
1.60	0.50	0.30	0.60	0.80	8.75	9.20	10.05	10.60
1.65	1.50	—	—	3.90	20.20	—	—	21.40

Previous day's open int: Calls 944 Puts 327
Volume: N/A

PHILADELPHIA SE £/$ OPTIONS
£12,500 (cents per £1)

Strike Price	Calls—Last Mar.	Apr.	May	June	Mar.	Puts—Last Apr.	May	June
1.40	11.70	11.75	—	—	—	0.15	—	0.40
1.45	6.90	7.15	7.00	21.70	0.05	0.30	10.80	1.30
1.47	4.40	4.60	—	7.00	0.20	0.80	1.55	2.05
1.50	2.30	3.45	3.30	5.20	0.60	1.80	2.45	3.10
1.52	0.90	1.60	2.05	3.70	1.85	2.85	3.70	4.40
1.55	0.20	1.20	1.35	2.30	3.50	4.65	5.30	6.00
1.57	0.05	0.40	0.75	1.55	3.40	6.40	7.20	7.80

Previous day's open int: Calls 42,313 Puts 43,056
Previous day's volume, Calls 297 Puts 4,632

LIFFE—EURODOLLAR OPTIONS
$1m points of 100%

Strike Price	Calls—Last Mar.	June	Sept.	Dec.	Puts—Last Mar.	June	Sept.	Dec.
93.00	0.53	0.68	0.71	—	0.00	0.06	0.10	—
93.25	0.31	0.48	0.53	—	0.03	0.11	0.17	—
93.50	0.12	0.32	0.37	—	0.09	0.20	0.26	—
93.75	0.03	0.19	0.24	—	0.25	0.32	0.38	—
94.00	0.01	0.10	0.34	—	0.48	0.48	0.53	—
94.25	0.00	0.04	0.08	—	0.72	0.67	0.72	—
94.50	0.00	0.02	0.04	—	0.97	0.90	0.93	—

Previous day's open int: Calls 1,911 Puts 2,164
Estimated volume, Calls 100 Puts 0

LONDON

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev.
March	117-22	118-15	117-20	117-05
June	117-29	118-17	117-27	117-11
Sept.	118-06	—	—	117-20
Dec.	117-28	—	—	117-10

Estimated volume 31,778 (23,959)
Previous day's open int. 18,758 (18,880)

10% NOTIONAL SHORT GILT
£100,000 64ths of 100%

	Close	High	Low	Prev.
March	100-00	—	—	100-00

Estimated Volume 0 (2)
Previous day's open int. 66 (66)

THREE-MONTH STERLING
£500,000 points of 100%

	Close	High	Low	Prev.
March	89.60	89.74	89.55	89.60
June	90.11	90.30	90.10	90.13
Sept.	90.23	90.38	90.20	90.26
Dec.	90.24	90.37	90.24	90.27
March	90.14	90.24	90.24	90.17
June	90.00	90.07	90.07	90.00

Estimated Volume 9,311 (9,414)
Previous day's open int. 18,798 (17,709)

FT-SE 100 INDEX
£25 per full index point

	Close	High	Low	Prev.
March	195.50	198.50	193.55	198.20
June	199.00	202.20	201.00	201.70

Estimated volume 1,856 (1,425)
Previous day's open int. 4,457 (4,064)

THREE-MONTH EURODOLLAR
$1m points of 100%

[illegible]

U.S. TREASURY BONDS 8%
$100,000 32nds of 100%

[illegible]

CURRENCY FUTURES

POUND—$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.5260	1.5208	1.5113	1.4984	1.4745

IMM—STERLING $s per £

	Latest	High	Low	Prev
Mar.	1.5180	1.5205	1.5145	1.5280
June	1.5055	1.5080	1.4990	1.5145
Sept.	1.4950	—	1.4870	1.5020

LIFFE—STERLING £25,000 $ per £

	Close	High	Low	Prev
March	1.5211	1.5190	1.5150	1.5245
June	1.5076	—	—	1.5107
Sept	1.4953	—	—	1.4985

Estimated volume 54(50)
Previous day's open int 1,039 (1,012)

CHICAGO

U.S. TREASURY BONDS (CBT) 8%
$100,000 32nds of 100%

	Latest	High	Low	Prev.
Mar.	100-10	100-23	100-09	99-28
June	99-31	99-24	99-10	98-28
Sept.	98-14	98-24	98-14	97-30
Dec.	97-18	97-29	97-18	97-01
Mar.	96-23	96-30	96-23	96-05
June	95-29	95-31	95-29	95-11
Sept.	95-05	95-06	95-05	94-18
Dec.	94-14	94-20	94-14	93-26
Mar.	—	—	—	93-03
June	—	—	—	—
Sept.	—	—	—	91-27

U.S. TREASURY BILLS (IMM)
$1m points of 100%

	Latest	High	Low	Prev.
Mar.	94.36	94.41	94.34	94.29
June	94.46	94.50	94.43	94.38
Sept.	94.49	94.53	94.48	94.41
Dec.	94.47	94.51	94.38	94.39

SWISS FRANC (IMM)
SFr125,000 $ per SFr

	Latest	High	Low	Prev.
Mar.	0.6431	0.6434	0.6391	0.6469
June	0.6478	0.6478	0.6433	0.6517
Sept.	0.6503	0.6503	0.6475	0.6558

JAPANESE YEN (IMM)
Y12.5m $ per Y100

	Latest	High	Low	Prev.
Mar.	0.6487	0.6490	0.6474	0.6511
June	0.6525	0.6527	0.6511	0.6549
Sept.	0.6559	0.6560	0.6555	0.6588

DEUTSCHE MARK (IMM)
DM125,000 $ per DM

	Latest	High	Low	Prev.
Jan.	0.5460	0.5470	0.5428	0.5509
Mar.	0.5485	0.5485	0.5396	0.5476
June	0.5452	0.5470	0.5428	0.5509

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Latest	High	Low	Prev.
Mar.	93.52	93.55	93.49	93.41
June	93.61	93.67	93.58	93.50
Sept.	93.61	93.66	93.59	93.51
Dec.	93.56	93.62	93.55	93.46
Mar.	93.43	93.49	93.42	93.35
June	93.24	93.28	93.24	93.17
Sept.	93.02	93.07	93.01	92.96
Dec.	92.81	92.87	92.80	92.75

STANDARD & POORS 500 INDEX
$500 times index

	Latest	High	Low	Prev.
Mar.	286.45	287.25	285.00	286.65
June	288.00	288.90	286.70	288.45
Sept.	289.00	290.00	288.10	289.60
Dec.	290.15	291.30	289.40	290.75

EUROPEAN OPTIONS EXCHANGE

Series		Feb 87 Vol.	Feb 87 Last	May 87 Vol.	May 87 Last	Aug 87 Vol.	Aug 87 Last	Stock
GOLD C	$350	30	44.50	—	—	—	—	$393.70
GOLD C	$360	27	34	—	—	—	—	"
GOLD C	$370	43	24	—	—	—	—	"
GOLD C	$380	89	14.50	—	—	—	—	"
GOLD C	$390	114	4	23	19	—	—	"
GOLD C	$400	181	0.40	—	—	74	23	"
GOLD C	$420	—	—	224	7	148	15	"
GOLD C	$440	—	—	31	4	105	9.50	"
GOLD C	$460	—	—	80	2.20	—	—	"
GOLD P	$360	—	—	142	2.50	—	—	"
GOLD P	$370	—	—	120	4.60	—	—	"
GOLD P	$380	20	0.10	37	8	—	—	"
GOLD P	$390	930	1.50	81	10.50	30	13	"
GOLD P	$400	198	8	—	—	17	17	"
		Mar 87		Jun 87		Sep 87		
£/Fl C	Fl.315	707	4	—	—	—	—	Fl.317.95
£/Fl C	Fl.320	20	2.20	—	—	375	5	"
£/Fl P	Fl.310	13	1.50	50	6.30	—	—	"
		Feb 87		Mar 87		Apr 87		
$/Fl C	Fl.195	—	—	70	14.50	—	—	Fl.208.80
$/Fl C	Fl.200	18	98	15	9.80	32	10.60	"
$/Fl C	Fl.205	155	4.50	190	5.60	305	7.50	"
$/Fl C	Fl.210	186	0.60	676	3.20	59	5	"
$/Fl C	Fl.215	—	—	119	1.50	132	3	"
$/Fl C	Fl.220	—	—	23	0.80	—	—	"
$/Fl C	Fl.225	—	—	31	0.60	—	—	"
$/Fl P	Fl.195	—	—	151	0.80	104	1	"
$/Fl P	Fl.200	—	—	446	1.10	—	—	"
$/Fl P	Fl.205	75	0.25	240	2.20A	43	3.50	"
$/Fl P	Fl.210	76	1.80	120	4.70A	15	6	"
$/Fl P	Fl.215	—	—	156	8.50	—	—	"
		Jun 87		Sep 87		Dec 87		
$/Fl. C	Fl.200	75	11.80	—	—	27	14	Fl.208.80
$/Fl. C	Fl.205	55	8.50B	—	—	14	11.60	"
$/Fl. C	Fl.215	62	3.80B	—	—	—	—	"
$/Fl. C	Fl.220	155	2.80	—	—	—	—	"
		Apr 87		Jul 87		Oct 87		
ABN C	Fl.520	43	14.40	5	20.50B	—	—	Fl.515.50
ABN P	Fl.520	83	11.50	—	—	—	—	"
AEGON C	Fl.85	155	3.60	151	5.20	60	6.30	Fl.86.30
AEGON P	Fl.80	59	1	10	2.40	—	—	"
AHOLD C	Fl.115	410	2.40	7	3.90	37	5	Fl.110
AHOLD P	Fl.110	131	4.50	10	7	—	—	"
AKZO C	Fl.140	197	2.50	146	4.50	32	7	Fl.131.30
AKZO P	Fl.130	257	3.30	43	7.50	27	9.20A	"
AMRO C	Fl.85	408	4	29	5.50	6	6.90	Fl.85.80
AMRO P	Fl.85	58	3.40	1	4.20	—	—	"
ELSEVIER C	Fl.230	56	17.50	—	—	—	—	Fl.244
ELSEVIER P	Fl.230	44	2.80	13	7.50B	5	4	"
GIST-BROC. C	Fl.45	104	0.80	103	1.80	12	2.50	Fl.40.10
GIST-BROC. P	Fl.40	107	1.50	30	3.30	29	3.80	"
HEINEKEN C	Fl.170	35	1.80	78	3.80	—	—	Fl.157
HEINEKEN P	Fl.150	73	2.20	—	—	15	6	"
HOOGOVENS C	Fl.40	591	1.60	298	2.70	37	3.70	Fl.37
HOOGOVENS P	Fl.35	212	1.40	113	2.30B	5	3.50	"
KLM C	Fl.40	427	2.90	414	4.10	125	5	Fl.41.70
KLM P	Fl.40	322	1.10	35	2A	27	3.10	"
NAT. NED C	Fl.80	31	0.70	249	1.90	36	2.90	Fl.72.80
NAT. NED. P	Fl.70	—	—	127	2.40	—	—	"
PHILIPS C	Fl.50	1161	1	345	2.30	189	3.40	Fl.47
PHILIPS P	Fl.40	55	0.30	—	—	336	1.30B	"
ROYAL DUTCH C	Fl.230	726	2.60	292	4.30	10	6.20	Fl.214.50
ROYAL DUTCH P	Fl.210	354	2	343	7.50	95	9.50	"
ROBECO C	Fl.100	27	1.40	14	1.60	6	2.50B	Fl.99.20
UNILEVER C	Fl.520	175	8.90	6	17.60	1	27.50	Fl.507.50
UNILEVER P	Fl.480	20	3.90	74	9	7	14	"

TOTAL VOLUME IN CONTRACTS: 33,993

A=Ask B=Bid C=Call P=Put

BASE LENDING RATES

	%		%		%
ABN Bank	11	● Charterhouse Bank	11	● Morgan Grenfell	11
Adam & Company	11	Citibank NA	11	Mint Credit Corp. Ltd.	11
Allied Arab Bk Ltd	11	Citibank Savings	¶12.45	Nat Bk. of Kuwait	11
Allied Dunbar & Co	11	City Merchants Bank	11	National Girobank	11
Allied Irish Bank	11	Clydesdale Bank	11	Nat Westminster	11
American Exp. Bk.	11	Comm. Bk. N. East	11	Northern Bank Ltd.	11
Amro Bank	11	Consolidated Cred.	11	Norwich Gen. Trust	11
Henry Ansbacher	11	Co-operative Bank	*11	PK Finans. Intl (UK)	11½
ANZ Banking Group	11	Cyprus Popular Bk	11	Provincial Trust Ltd.	12
Associates Cap Corp.	11	Duncan Lawrie	11	R. Raphael & Sons	11
Authority & Co Ltd.	11½	E. T. Trust	12	Roxburghe G'rantee	11½
Banco de Bilbao	11	Equator'l Tst C'p plc	11	Royal Bk of Scotland	11
Bank Hapoalim	11	Exeter Trust Ltd.	11½	Royal Trust Bank	11
Bank Leumi (UK)	11	Financial & Gen. Sec.	11	Standard Chartered	11
Bank Credit & Comm	11	First Nat. Fin. Corp.	11½	Trustee Savings Bank	11
Bank of Cyprus	11	First Nat. Sec. Ltd	11½	UDT Mortgage Exp.	¶12.25
Bank of Ireland	11	● Robert Fleming & Co	11	United Bk of Kuwait	11
Bank of India	11	Robert Fraser & Ptrs	12	United Mizrahi Bank	11
Bank of Scotland	11	Grindlays Bank	‡11	Westpac B'nking Corp	11
Banque Belge Ltd	11	● Guinness Mahon	11	Whiteaway Laidlaw	11½
Barclays Bank	11	HFC Trust & Savings	11	Yorkshire Bank	11
Benchmark Tst Ltd	11	● Hambro Bank	11		
Beneficial Trust Ltd	12	Heritable & Gen. Tst.	11		
Berliner Bank AG	11	● Hill Samuel	§11		
Brit. Bk. of Mid. East	11	C. Hoare & Co	11		
● Brown Shipley	11	Hongkong & Shangh'	11		
CL Bank Nederland	11	Lloyds Bank	11		
Canada Permanent	11	Mase Westpac Ltd.	11		
Cayzer Ltd	11	Meghraj & Sons Ltd.	11		
Cedar Holdings	12	Midland Bank	11		

● Members of the Accepting Houses Committee. * 7-day deposits 6.69%. 1-month 7.03%. Top Tier—£2,500+ at 3 months' notice 10.03%. At call when £10,000+ remains deposited. ‡ Call deposits £1,000 and over 6¼% gross. § Mortgage base rate. ¶ Demand deposit 6.69%. Mortgage 12¼%.

COUNTRY	CURRENCY	VALUE OF DOLLAR	COUNTRY	CURRENCY	VALUE OF DOLLAR	COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (o)	50.60	Gibraltar	Pound*	1.5325	Papua New Guinea	Kina	0.9443
Albania	Lek	6.5905	Greece	Drachma	133.80	Paraguay	Guarani (o)	240.00
Algeria	Dinar	4.63	Greenland	Danish Krone	6.863		Guarani (p)	550.00
Andorra	French Franc	6.066	Grenada	E. Caribbean $	2.70		Guarani (d)	715.00
	Spanish Peseta	128.50	Guadaloupe	Franc	6.066	Peru	Inti (o) (a) (4)	14.26
Angola	Kwanza	29.918	Guam	U.S. $	1.00		Inti (f)	20.05
Antigua	E. Caribbean $	2.70	Guatemala	Quetzal (o)	1.00		Inti (f) (4)	17.83
Argentina	Austral	1.3955		Quetzal (h, i)	2.764	Philippines	Peso	20.53
Aruba	Florin	1.79	Guinea Bissau	Peso	170.479	Pitcairn Islands	N.Z. Dollar	1.8282
Australia	Dollar	1.5013	Guinea Republic	Franc	340.00	Poland	Zloty (o) (5)	240.00
Austria	Schilling	12.81		Franc (l)	300.00	Portugal	Escudo	141.30
Azores	Portuguese Escudo	141.30	Guyana	Dollar (3)	10.00	Puerto Rico	U.S. $	1.00
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

MONEY MARKETS

Bank resists cut

PRESSURE FOR a cut in UK clearing bank base rates built up yesterday, bringing a reaction from the Bank of England, that a reduction is not welcome at present.

Three-month interbank touched a low of 10½-10⅜ per cent in the morning and closed at 10⅝-10½ per cent, compared with 10¾-10⅝ per cent on Wednesday.

Encouraging January Public Sector Borrowing Requirement figures, published Tuesday, were followed by better than expected money supply and bank borrowing for the same month, yesterday, although because of the good PSBR outturn many forecasters had revised down their expectations of money supply growth.

UK clearing bank base lending rate 11 per cent since October 15

The impact of a rise of 1-1¼ per cent in sterling M3, and a fall of ½ per cent in MO, coupled with an increase in bank lending of £1.8bn, was therefore not very great, but reinforced the bullish tone of the market, There was also encouragement from news that the Group of Seven is to meet at the weekend, and that the Bank of Japan is expected to cut its discount rate today.

The Bank of England gave its message that the market is pushing too hard for an immediate cut in base rates, by inviting the discount houses to borrow funds to relieve nearly all of yesterday's credit shortage, and setting the interest rate at a level to underpin the present rate structure.

This followed the reluctance of the market to sell bills to the authorities at the present intervention rates.

The Bank of Enugland initially forecast a money market shortage of £550m, but revised this to £750m at noon.

Before lunch the central bank bought only £7m bills outright, by way of £3m bank bills in band 2 at 10$\frac{13}{16}$ per cent, and £4m bank bills in band 3 at 10¾ per cent.

In the afternoon the authorities lent £275m to the market for seven days at a rate of 11½ per cent.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £477m, with Exchequer transactions absorbing £65m, and a rise in the note circulation £30m. These outweighed bank balances above target of £20m.

In Frankfurt the West German Bundesbank council left the discount rate at 3 per cent and Lombard rate at 5 per cent at yesterday's meeting.

In Tokyo the Bank of Japan will hold an extraordinary policy meeting today, according to official sources, and is expected to cut its 3 per cent discount rate by point. The central bank has decided an interest rate cut is possible now that the Group of Seven is to meet to discuss currency stability

FT LONDON INTERBANK FIXING

(11.00 a.m. Feb. 19) 3 months U.S. dollars		6 months U.S. dollars	
bid 6 ⅜	offer 6 ½	bid 6 ⅜	offer 6 ½

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK
(Lunchtime)

		Treasury Bills and Bonds			
Prime rate	7½	One month	5.25	Three year	6.52
Broker loan rate	7½	Two month	5.46	Four year	6.67
Fed. funds	6$\frac{11}{16}$	Three month	5.71	Five year	6.76
Fed. funds at intervention	6$\frac{3}{16}$	Six month	5.77	Seven year	7.04
		One year	5.96	10 year	7.22
		Two year	6.47	30 year	7.54

Feb. 19	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	3.75-3.85	3.65-3.80	3.80-3.95	3.90-4.05	3.90-4.10	5.0
Paris	9⅛-9¼	8⅞-8½	8⅞-8½	8⅞-8½	8½-8⅝	8
Zurich	⅞-1⅛	3⅞-3½	—	3⅞-3⅞	—	—
Amsterdam	5¼-5⅜	5⅜-5½	—	5$\frac{5}{16}$-5$\frac{7}{16}$	—	—
Tokyo	4.03125	4.40625	—	4.28125	—	—
Milan	11½-12	11½-12	—	11¼-11⅝	—	—
Brussels	5.55	7⅛-7⅞	—	7⅛-7⅞	—	—
Dublin	14⅛-14⅞	14-14¼	13⅞-14⅛	13⅞-14	12⅞-13⅞	—

LONDON MONEY RATES

Feb. 19	Over-night	7 days notice	Month	Three Months	Six Months	One Year
Interbank	12½-11	11$\frac{3}{16}$-11⅛	11⅛-10$\frac{15}{16}$	10⅞-10⅝	10$\frac{7}{16}$-10$\frac{5}{16}$	10⅝-10⅜
Sterling CDs.	—	—	11$\frac{1}{16}$-10⅞	10⅞-10⅝	10$\frac{7}{16}$-10⅜	10$\frac{3}{16}$-10
Local Authority Deposits	11-11⅛	11⅛	11	10½	10¼	10¼-10$\frac{3}{16}$
Local Authority Bonds	—	—	11⅛	10⅞	10⅜	10⅜
Discount Market Deposits	11⅛-11	11⅛	10½	10⅞	—	—
Company Deposits	—	11⅛	11⅛-11⅛	10⅞	10⅜	10$\frac{3}{16}$
Finance House Deposits	—	—	10⅞	10½	10⅜	10⅜
Treasury Bills (Buy)	—	—	10$\frac{11}{16}$-10$\frac{9}{16}$	10⅝-10⅜	—	—
Bank Bills (Buy)	—	—	10$\frac{13}{16}$-10$\frac{9}{16}$	10⅝-10$\frac{7}{16}$	9⅞-9$\frac{11}{16}$	—
Fine Trade Bills (Buy)	—	—	11⅛	10$\frac{13}{16}$	10⅜	—
Dollar CDs	—	—	6.35-6.30	6.40-6.35	6.40-6.35	6.45-6.40
SDR Linked Deposits	—	—	6⅛-6⅛	6⅞-6⅜	6⅛-6⅛	6⅞-6⅜
ECU Linked Deposits	—	—	7½-7⅜	7½-7⅜	7⅛-7⅛	7⅛-7⅛

Treasury Bills (sell); one-month 10½ per cent; three-months 10⅜ per cent; Bank Bills (sell): one-month 10½ per cent; three months 10$\frac{7}{16}$ per cent; Treasury Bills; Average tender rate of discount 10.4392 p.c. ECGD Fixed Finance Scheme IV reference date January 1 to 30 (inclusive): 11.098 per cent. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 11½ per cent from February 1, 1987: Bank Deposit Rates for sums at seven days' notice 4.35-4.375 per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month 9½ per cent; one-three months 9½ per cent; three-six months 10 per cent; six-nine months 10 per cent; nine-12 months 10 per cent; Under £100,000 10 per cent from February 11. Deposits held under Series 5 10¼ per cent. Deposits withdrawn for cash 5 per cent.

LONDON SHARE SERVICE

BRITISH FUNDS

1986/87 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
"Shorts" (Lives up to Five Years)						
101⅛	97½	Exch. 13½pc 1987	99 13/16		10.51	10.71
100 1/32	93½	Funding 6½pc 85-87	99 13/16		6.54	9.77
101⅛	96 13/16	Treas. 10pc 1987	99 15/16		10.01	10.17
98⅞	90⅞	Treas 3pc 1987	98 1/16	+1/16	3.05	7.25
104⅛	99⅛	Treas. 12pc 1987	101¼	+1/32	11.85	10.01
99¼	92 11/16	Treas 7¾pc 1985-88‡‡	98½		7.86	9.39
104	96⅜	Exch 10½pc '88	100 5/16		10.45	10.01
102⅞	95⅛	Treas 9¾pc Cv '88	99¾	+1/16	9.77	9.92
94⅝	86⅝	Transport 3pc '78-88	94½		3.18	7.32
102½	93 11/16	Treas. 9½pc '88	99 5/16	+1/16	9.58	10.00
107 5/16	98 5/16	Treas 11½pc 1989	102 11/16 xd	+1/16	11.19	9.911
103½	93⅛	Treas 9½pc Cnv 1989	99 3/32	+1/32	9.58	9.92
92⅛	82 7/16	Treas 3pc 1989	91 3/16		3.29	7.28
105 7/16	95 3/16	Treas 10½pc 1989	101 1/16		10.39	9.94
104 3/16	94⅛	Exch.10pc 1989	100 1/16		9.99	9.96
107 7/16	97	Exch 11pc 1989	102 7/16		10.77	10.01
93 3/16	84½	Treas 5pc 1986-89	91 15/16	+1/16	5.43	8.38
110 7/16	96⅝	Exch 10¼pcCv '89	102½	+⅛	10.00	9.19
114 3/16	103 5/16	Treas 13pc 1990‡‡	107 13/16		12.06	9.83
108⅛	97⅛	Exch 11pc 1990‡‡	102 15/16		10.70	9.86
113⅛	101 13/16	Exch. 12½pc 1990	106 11/16 xd	+1/16	11.70	9.88
89¼	79⅝	Treas. 3pc 1990	87½	+1/16	3.43	7.42
100 3/16	89⅛	Treas 8¼pc 1987-90‡‡	96¾	+¼	8.56	9.52
106 1/16	93	Treas. 10pcCv 1990	100 3/16		9.98	9.93
86 7/16	76½	Exch 2½pc 1990	84½	+1/16	2.95	7.25
112 3/16	99 7/16	Treas 11¾pc 1991	105 13/16		11.11	9.90
94⅛	83 1/16	Funding 5¾pc '87-91‡‡	89½	+¼	6.40	8.74
86⅛	79 3/16	Treas. 3pc 1991	83⅝	+¼	3.58	7.56
102 13/16	95 1/32	Treas 10pc Cv '91	102⅛	+1/32	9.76	9.31
110⅝	96 3/16	Exch. 11pc 1991	104	–1/16	10.58	9.90
118¾	103⅝	Treas 12¾pc 1992‡‡	111 7/16		11.48	9.84
Five to Fifteen Years						
107⅝	92 3/16	Treas 10pc 1992	100 13/16 xd	+1/16	9.92	9.79
109⅝	94 3/16	Treas 10½pc Cv 1992‡‡	102¼	+1/16	10.21	9.79
117⅛	101 3/16	Exch. 12¼pc '92	109⅞ xd	+1/16	11.14	9.87
123¼	106⅛	Exch 13½pc 1992	115 xd	+3/16	11.74	9.92
108	93 1/16	Treas 10pc 1993‡‡	100⅝	+1/16	9.94	9.85
120⅞	103½	Treas 12½pc 1993‡‡	112 3/16	+1/16	11.15	9.89
92	78½	Funding 6pc 1993‡‡	85 3/16 xd	+1/16	7.01	8.95
128⅛	109 3/16	Treas 13¾pc 1993‡‡	118⅛	+⅛	11.63	9.97
137⅝	113 3/16	Treas 14½pc 1994‡‡	122¼ xd	+½	11.81	9.91
127¼	108⅛	Exch 13½pc 1994	117 1/16	+½	11.48	10.00
42 11/16	39 13/16	Treas 10pcLn '94 (£40pd)	42½	+1/32	9.94	9.85
122¼	103½	Exch. 12½pc 1994	113 xd	+½	11.67	9.99
104	86⅞	Treas 9pc 1994‡‡	96 3/16	+⅛	9.35	9.69
120⅛	101 1/16	Treas 12pc 1995	110⅝	+1/16	11.83	9.98
79	68⅛	Exch 3pc Gas 90-95	77⅝	+½	3.88	6.64
110½	92¼	Exch. 10¼pc 1995	101 13/16	+1/16	10.06	9.92
126⅛	106	Treas 12¾pc 1995‡‡	116	+½	10.99	9.94
133¼	111 13/16	Treas. 14pc '96	122⅝	+½	11.41	10.08
103⅞	86 1/16	Treas 9pc 1992-96‡‡	95 3/16 xd	+⅝	9.44	9.73
142¾	119¼	Treas 15¼pc 1996‡‡	130⅝	+⅝	11.66	10.04
130½	108⅞	Exch 13¼pc 1996‡‡	119½	+1/16	11.09	9.96
84½	74⅛	Redemption 3pc 1986-96	82 13/16	+1/16	3.67	5.46
106⅞	90 11/16	Conversion 10pc 1996	100⅛	+1/16	9.95	9.91
131¼	108 13/16	Treas 13¼pc 1997‡‡	120⅛	+½	11.02	9.98
112¼	93½	Exch 10½pc 1997	103½ xd	+½	10.14	9.93
101⅝	84 1/16	Treas 8¾pc 1997‡‡	93⅛ xd	+11/16	9.38	9.78
143	118 13/16	Exch 15pc 1997	130 15/16	+⅝	11.48	10.21
107⅞	89 1/16	Exch. 9¾pc 1998	99 1/16	+⅝	9.84	9.87
88¼	72¾	Treas 6¾pc 1995-98‡‡	81 11/16	+1/16	8.28	9.46
148⅞	123 3/16	Treas. 15½pc '98‡‡	135 13/16	+1/16	11.40	10.14
124⅛	102 11/16	Exch. 12pc 1998	113 9/16	+⅝	10.56	10.00
107⅛	88⅝	Treas 9½pc 1999‡‡	98 3/16	+⅝	9.67	9.74
125½	104 3/16	Exch. 12¼pc 1999	115 7/16 xd	+½	10.60	9.99
114	94 1/16	Treas. 10½pc 1999	104½	+½	10.06	9.87
112	92 1/16	Conversion 10¼pc 1999	102 11/16	+⅝	10.00	9.89
103⅝	85¼	Conversion 9pc 2000‡‡	94⅞ xd	+⅝	9.51	9.73
133⅛	110 1/16	Treas. 13pc 2000	121¾	+¾	10.69	10.04
111⅛	91 3/16	Treas 10pc 2001	101¼ xd	+⅝	9.85	9.79
137¼	114⅛	Treas. 14pc '98-01	125⅝	+¾	11.15	10.13
109⅛	89⅞	Conversion 9¾pc 2001	99¾	+⅝	9.77	9.78
Over Fifteen Years						
124⅛	102 13/16	Exch. 12pc '99-02	113 13/16	+⅝	10.56	10.01
111⅛	91⅞	Conversion 10pc 2002	101 11/16	+⅝	9.83	9.76
109⅞	89⅞	Treas 9¾pc 2002	99 15/16 xd	+⅝	9.76	9.76
139	114 13/16	Treas. 13¾pc 2000-03	126 11/16	+½	10.84	10.06
112⅞	91⅞	Treas 10pc 2003	102 xd	+⅝	9.80	9.74
123¼	101⅛	Treas. 11½pc 2001-04	112¼ xd	+⅝	10.25	9.87
112⅞	91 13/16	Treas. 10pc 2004	102 3/16	+⅝	9.78	9.72
60⅝	48 3/16	Funding 3½pc '99-04	54¼	+¼	6.45	8.62
108	88¼	Conversion 9½pc 2004	98¼	+⅝	9.67	9.70
108¼	88¼	Conversion 9½pc 2005	98 3/16	+⅝	9.66	9.69
117⅛	96 3/16	Exch.10½pc 2005	106 13/16 xd	+⅝	9.81	9.67
133¼	109 13/16	Treas. 12½pc 2003-05	121 11/16	+1/16	9.26	9.81
95¼	77 1/16	Treas. 8pc 2002-06‡‡	86⅝	+1/16	9.27	9.55
107⅝	90¼	Conversion 9¾pc 2006	100⅝	+⅝	9.67	9.66
126¾	104	Treas. 11¾pc 2003-07	115 13/16	+½	10.16	9.79
90¼	80⅞	Treas 8½pc 2007	90 3/16	+⅝	9.38	9.55
26⅛	24⅞	Treas. 9pc'08 (25pd)	25¾	+⅝	9.45	9.51
143⅛	117⅞	Treas. 13½pc '04-08	130½ xd	+½	10.36	9.80
100	76⅝	Treas 8pc 2009	86 1/16 xd	+⅝	9.30	9.51
71⅞	56 3/16	Treas. 5½pc 2008-12‡‡	63¼ xd	+⅝	8.71	9.30
93¼	74 3/16	Treas. 7¾pc 2012-15‡‡	85 3/16	+⅝	9.29	9.44
136	110 1/16	Exch. 12pc '13-'17	123 1/16	+⅝	9.75	9.56
Undated						
47	38 1/16	Consols 4pc	41¾	+⅝	9.55	—
42	33 1/16	War Loan 3½pc‡‡	37⅛	+⅝	9.45	—
59	45	Conv. 3½pc '61 Aft.	48 11/16	+¼	7.17	—
35¼	28½	Treas. 3pc '66 Aft.	31 9/16	+⅛	9.51	—
29⅞	23 1/16	Consols 2½pc	25 13/16	+⅛	9.72	—
29¾	23 1/16	Treas. 2½pc	26	+⅛	9.63	—

Index-Linked

High	Low	Stock	(b)	Price £	+ or –	(1)	(2)
127 11/16	115⅛	Treas. 2pc '88	(297.1)	127 1/16	+1/16	0.18	3.01
111 5/16	99	Do. 2pc '90	(353.9)	111 3/16	+1/16	1.95	3.04
95 11/16	93½	Do. 2pc '92‡‡	(385.8)	95 11/16		2.58	3.24
124⅛	106⅜	Do. 2pc '96	(267.9)	124¼ xd	+⅛	3.31	3.70
107 11/16	94½	Do. 2½pc '01	(308.8)	107 13/16 xd	+⅛	3.42	3.69
107⅛	93⅝	Do. 2½pc '03	(310.7)	106 11/16	+⅛	3.37	3.62
110⅛	96⅛	Do. 2pc '06	(274.1)	109⅞	+⅛	3.35	3.55
106	92	Do. 2½pc '09	(310.7)	104 11/16	+⅛	3.30	3.50
111⅛	96⅛	Do. 2½pc '11	(294.1)	110 3/16 xd	+⅛	3.26	3.43
93⅞	80 11/16	Do. 2½pc '13	(351.9)	92 7/16	+⅛	3.22	3.39
101⅛	87 5/16	Do. 2½pc '16	(322.0)	100⅛	+⅛	3.19	3.35
100	85¼	Do. 2½pc '20	(327.3)	98 3/16	+⅛	3.16	3.31
84 3/16	77⅛	Do.2½pc'24‡‡	(385.3)	83½	+1/16	3.12	3.26

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, ie 8 months prior to issue. RPI for June 1986: 385.8 and for January 1987: 394.5.

INT. BANK AND O'SEAS GOVT STERLING ISSUES

High	Low	Stock	Price £	+ or –	Int.	Red.
116⅛	92⅛	African Dv Bk 11¼Ln 2010	103⅝	+¼	10.76	10.72
111	86⅛	Asian Dev Bk 10½pcLn2009	97⅝	+¼	10.31	10.32
136⅛	111⅛	Australia 13½pc 2010	124 xd	+1	10.89	10.69
119⅝	95⅝	Do. 11½pcLn2015	107	+⅛	10.65	10.58
117⅛	95⅝	Euro Inv Bk 11pc Ln 2002	105⅞	+⅛	10.39	10.23

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Cont.

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Cont

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

INDUSTRIALS—Continued

1986/87 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
102	70	Metsec 10p	86		2.46	2.6	4.0	13.3
78½	45	Mitchell Cotts	58		1.5	2.1	3.6	14.9
128	81	Monks & Crane 10p	126		2.7	2.9	3.0	15.4
339	210	Morgan Crucible	328	–5	8.5	1.5	3.6	21.8
23½	15½	Morris (W) F A 20p	20		—	—	—	—
186	65	Myson Grp 10p	186	+1	2.63	2.6	2.0	24.0
365	213	NMW Computers	287	+2	6.0	3.0	2.9	16.5
166	27	Nash Inds.	163		1.5	2.6	1.3	41.3
27½	12½	Neill & Spencer 10p	17	–½	—	—	—	—
40	28	Newman Inds 10p	39		0.8	1.5	2.9	29.8
134	65	Noble & Lund 10p	99	–1	0.7	4.3	1.0	30.9
158	151	Nobo Group 10p	155		4.75	2.3	4.3	12.6
65	39	Nolton	52	+1	1.2	2.9	3.3	14.6
152	96	Norcant Systems 5p	147	–1	1.5	—	1.4	18.8
291	187	Norcros	288	–1	9.3	2.3	4.5	13.2
262	49	No-Swift 5p	259	–2	3.5	2.1	1.9	34.8
£356½	£229	OCE 9pc Cnv 1987-92	£262½		Q9%	—	3.5	—
136	80	Oakwood Grp	135	+4	4.0	0.6	4.2	51.9
250	173	Office & Elect	207	+1	8.5	2.9	5.8	8.4
36	26	Omnitech 1p	36	+3	—	—	—	—
36	18	Optometrics $0.01	23		—	—	—	—
890	500	Oriflame £1	845	+5	28.5	2.1	4.8	16.4
10	5	Ovenstone 12½c	8½		Q3.23	1.9	11.8	4.5
143	85	PCT Grp 10p	143	+3	3.2	—	4.6	—
£20½	£13¾	PLM 'B' Sk 25	£17¼		Q24%	♦	3.7	♦
255	160	Pacer Systems $0.01	162		$0.84c	4.3	1.6	14.2
229	97	Pacific Dunlop $0.5	229	+3	Q11.3c	2.1	2.1	23.0
78	44	Pacific Sales 10p	63	–2	3.0	1.4	6.7	15.0
528	246	Parker Knoll 'A'	472	–3	12.0	3.2	3.6	12.4
252	83	Parkfield Group 2p	250	+4	3.0	4.2	2.0	15.9
53	17	Parion Intl	27	–2	—	—	—	7.2
£130	£64½	Do 11pc CvLn '94-02	£94		Q11%	—	12.3	—
617	393	Pearson	565	–11	10.0	2.8	2.5	18.0
65	12	Peek Holdings 3p	60½	+1	—	—	—	—
176	88	Peerless	161		6.3	2.0	5.5	(10.6)

LEISURE—Continued

1986/87 High	Low	Stock
82	32	Leisure Inv 10p
112	55	Leisuretime Int 10p
123	91	Lowmar
98	71	Marina Dev 50p
196	143	Mecca Leisure 10p
220	86	Media Tech Int 20p
177	130	Meaminster 10p
232	114	Midsummer Lei 50p
220	130	Miss World 10p
90	62	Nationwide Leisure
17	8	Nimslo Int 20c
94	23	Omnicorp Invs.NZ$0.5
294	214	Orient Ex Hlls $0.125
52¾	23	Owners Abroad 3p
90	46	Photax (Lon.)
56	25½	Pineapple Radio NV 5p
95	25½	Pineapple 10p
391	280	Pleasurama 5p
178	136	Do. 7pcCvCmRedPf
157	94	Prestwich
57	18	Radio City 'A' NV
63	33	Radio Clyde N/V
403	322	Really Useful Grp 5p
70½	36½	Riley Leisure 10p
230	129	Saga Hols. 20p
355	148	Samuelson Grp 20p
123	69	Saagers Photo 10p
178	93	Scantro 20p
446	175	Scott. TV 10p
27	7	SelecTV 10p
37	19	Sociscum 5p
261	119	Stanley Leisure
61	31	TSW 5p
319	137	TV-am 10p
326	144	TVS N/Vtg 10p

THIRD MARKET

1986/87 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
232	180	Abelson Group 10p	220	–1	3.2	—	2.0	—
50	20	Aberdeen Am Pet 10p	33		—	—	—	—
120	113	Allied Ins. Brokers	118		3.5	2.5	4.2	11.7
54	36	Catalyst Comm. 5p	45		—	—	—	—
63	50	Carlton Beach 10p	61	+1	—	—	—	30.3
65	10	Eglinton Oil Ir.5p	53	–1	—	—	—	—
41	8	Do. Warrants	33	–2	—	—	—	—
20	17	Publishing Hldgs.5p	19½	–½	—	—	—	11.3
55	47	Theme Holdings	47	–2	—	—	—	—
133	118	Unit Group	119		4.6	2.5	5.4	(8.5)

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 29 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- ¶ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♠ Not comparable.
- ♠ Same interim, reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ✱ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

B.Fr. Belgian Francs. Fr French Francs. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency

Stock	Price	+ or –	Stock	Price	+ or –
Albany Inv 20p	72		Fin. 13% 97/02	£108¼	+⅛
Craig & Rose £1	£14¼		Arnotts	365	+5
Finlay Pkg. 5p	59		CPI Hldgs	58	
Holt (Jos) 25p	855		Carroll Inds.	138	–5
IoM Stm. £1	78		Dublin Gas	10	
			Hall (R. & H.)	105	
IRISH			Heiton Hldgs.	32	
Fund 11¾% 1986	£97⅛		Irish Ropes	172	
Nat. 9¾% 84/89	£93½		Unidare	375	+15

LONDON STOCK EXCHANGE

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Feb 9	Feb 19	Feb 20	Mar 2
Feb 23	Mar 5	Mar 6	Mar 16
Mar 9	Mar 19	Mar 20	Mar 30

* New time dealings may take place from 9.00 am two business days earlier.

Bonds take command as profit-taking ends sustained equity run to record levels

The sustained run to record levels came to an abrupt halt in London yesterday when share prices beat a hasty retreat across the board. Marketmakers were not surprised by events, having assumed there would be a sell-off before the end of the current trading Account. The reaction embraced most sectors and was particularly severe on recent high-fliers.

Speculation of the authorities refusing a clearing bank request to immediately lower base lending rate sent the market downhill. The Bank of England signalled later that markets were pressing too hard for lower rates, and forced Discount Houses to pay a penal rate of 11½ per cent for seven-day funds.

Professional and short-term equity operators took the often sizeable profits established over the past few sessions but there was little sign of institutional investors wanting to dispose of stock. The market became increasingly edgy, fearing a turnround on Wall Street as the dollar brightened ahead of the G5 meeting in Paris this weekend. Minutes after the New York opening, the FT-SE 100 share was nearly 35 points down but Wall Street's early refusal to go down cheered London and the index rallied to close 21.9 lower on the session at 1930.1.

From Monday, all FT-SE constituents plus British Airways will be regarded as Alpha stocks and, from March 2, Beta and Gamma displays will be upgraded to Alpha when the security is in a bid situation.

The apparent weakness of the market yesterday failed to deter potential buyers of good class issues. Several million shares of both Pilkington and Kleinwort Benson were placed with little difficulty. Morgan Stanley, the US investment bankers, sold American Can's stake of 4.99 per cent, some 4.3m shares, in Kleinwort Benson at 622p per share to international institutional investors. It was suggested that the Pilkington stock came from BTR which retained at 3.8 per cent shareholding after last year's unsuccessful bid for the group, but this was extremely unlikely.

Gilt-edged traders were more concerned with welfare of sterling. The rate eased against other leading currencies but not to the extent feared, considering the improved chances for a round of global interest rate reductions. The Japanese authorities could cut their Discount rate today.

Further widespread UK and foreign demand soon exhausted the UK authorities' remaining supply of the £25-paid tap, Treasury 9 per cent 2008. Bids of 25.28 were accepted for the stock which a few days ago appeared unwanted. The latest money statistics were no obstacle—bank lending of only £1.8bn, in fact pleased the market—and a firmer US bond market was also a help.

However, Gilt futures later slipped rather quickly and gains in the cash market were clipped. Longer-dated stocks ended around ¾ higher after having been 1¼ points up earlier in the afternoon.

Clearers down

End-Account profit-taking took its toll on the clearing banks. NatWest, which is scheduled to start the dividend season on Tuesday, were sold with well over 2½m shares changing hands, and the close was 16 lower at 618p, after 613p. Midland fell 18 to 646p and Lloyds relinquished 16 at 503p. Barclays were more resilient and closed only 4 easier at 565p; the annual results are due next Thursday. Elsewhere, Standard Chartered came on offer at 754p, down 10. Among merchant banks, Kleinwort Benson ended 5 off at 625p following the Morgan Stanley share-placing and Mercury International dipped 4 to 361p. Benchmark, a rising market of late following the merger with Charlton Seal Dimmock, the Manchester and London-based firm of stockbrokers, softened a couple of pence to 87p ahead of today's interim results.

Composite Insurances also succumbed to profit-taking after their recent strong run ahead of the forthcoming results season. Ahead of next Thursday's preliminary statement, Royals dipped 18 to 982p, while falls of 12 and 25 respectively were seen in General Accident, at 967p, and Sun Alliance, at 764p. GRE gave up 7 to 912p. Commercial Union, which have been additionally spurred this Account by revived takeover speculation, reacted sharply during the course of an active trade—17m shares changed hands—to touch 339p before ending the session 10 down on balance at 342p. Life issues also gave ground with Pearl closing 16 easier at 357p and Prudential 12 down at 910p.

Further small sales and the absence of buyinginterest saw British Airways slip to 106p before the close of 1½ off at 108p.

Job consultants Sanders and Sydney staged a bright market debut, the shares closing some 29 points above the placing price of 100p.

Breweries were featured by a burst of activity in Allied Lyons, up 5 at 378p, after 389p, triggered off by a report from Wood Mackenzie that a Singapore based business man, Mr Ong Beng Seng, has built up a share stake in the company of just under 2 per cent through nominee names; some 16m shares changed hands. Guinness were also briskly traded (8.7m shares) following the board appointments and the announcement of a divisional reorganisation and settled only 3 better at 308p. Elsewhere, the trend was to lower levels with recent favourites Bass, 847p, and Scottish and Newcastle, 227½, reacting 7 and 3½ respectively.

Many of the recent high-flyers in the Building sector came back qute sharply with the onset of profit-taking. Tarmac were a major casualty, at 540p, down 14, while BPB Industries gave up 10 at 643p. Meyer International, a particularly good market of late on takeover hopes, came on offer and dipped 6 to 354p, while Redland lost 7 at 483p and Blue Circle shed 6 to 700p. Secondary issues also lost ground but Ward Holdings moved sharply against the trend following news of almost doubled annual profits to close 47 higher at 445p. Polypipe, reflecting good half-year figures, firmed ½ to 201p, after 208p, while speculative buying in a restricted market boosted Berkeley Group 8 to 268p. Bett Brothers settled unchanged at 82p; Govett Strategic Investment Trust has increased its stake to 17.12 per cent. Travis and Arnold, a neglected market recently, attracted a flurry of buying interest and moved up 13 to 284p, while Heywood Williams rose 18 to 248p. Baggeridge Brick advanced 30 to 730p on bid hopes, while Raine Industries closed ½ up at 90½p following a broker's lunch.

ICI were a steady market and closed ¼ up at £13¾. Among other Chemicals, Coalite continued to attract buyers at 335p, up 3, while Anchor hardened a couple of pence more to 303p. Profit-taking clipped 8 from Foseco at 273p and a penny from Brent at 178p.

Moss Bros advance

A few firm features emerged among secondary Stores. Moss Bros jumped 45 more to 665p on further consideration of the permission given to redevelop its Covent Garden HQ flagship store, while publicity given to a Hoare Govett circular helped Alexon rise 11 to 264p. French expansion plans prompted a gain of 30 to 228p in Pepe, while Lee Cooper gained 18 afresh to 411p on hopes of a bid from Compagnie de Navigation Mixte SA which already holds a stake of well over 15 per cent in the company. Body Shop rose ⅛ to £10¼ following an investment recommendation and Ratners, still reflecting a County Securities analysts meeting, moved up 4 more to 299p. Leading retailers gave ground on end-Account profit taking, but managed to close above the lowest levels of the day. A substantial amount of inter market-maker activity in perennial takeover favourite Sears saw over 19m shares change hands before they closed only a fraction easier on balance at 136p, after 134½p. Next fell 11 to 274p and Storehouse gave up 7 at 286p.

Plessey's third-quarter profits of £45.1m were deemed satisfactory—estimates had ranged between £44m and £50m—and the shares held up well helped by the chairman's accompanying optimistic statement and the close was 2 dearer on balance at 211p. Cable and Wireless, however, dropped 10 to 377p as did Racal to 213p, while GEC reacted 5 to 214p. United Scientific remained firm among secondary Electricals, rising 13 afresh to 220p on further consideration of a Morgan Grenfell circular. Wordplex moved up 11 to 102p, but International Signal and Control reacted 8 to 280p on profit-taking.

Vickers, the subject of persistent buying recently ahead of next Monday's preliminary statement, encountered profit-taking but closed a few pence above the worst with a fall of 10 on the day. Among the other Engineering leaders, Hawker gave up 8 at 545p, but GKN resisted the trend and closed a couple of pence firmer at 338p. Elsewhere, Hallite advanced 29 to 262p in a restricted market in response to a tip sheet recommendation, while VSEL, reflecting contract news hopes, gained 22 to 340p. Buyers were still showing interest in Laird Group, up 7 further at 302p. F. S. Ratcliffe hardened 5 more to 128p on acquisition news.

Leading Foods suffered a widespread shake-out and losses stretched into double figures in several cases. Tate and Lyle came under pressure and dipped 14 to 709p; the shares have been very strong of late on hopes that the company will receive the go-ahead to launch an offer for British Sugar, the S. & W. Berisford subsidiary; a decision is expected soon. Cadbury Schweppes shed 6 to 248p on fading takeover hopes and Rowntree Mackintosh lost 13 to 475p in similar circumstances. United Biscuits lost 7 at 283p and Ranks Hovis McDougall came back 4 to 323p. Retailers showed Tesco 16 down at 443p and Argyll 9 lower at 380p. Kwik Save shed 6 to 274p and Dee settled 5 lower at 238p. Moving sharply against the trend, Park Food rose 20 to 240p and S. Daniels put on 9 to 185p.

Losses in the Hotel sector were relatively modest. Grand Metropolitan were only 4 off at 503p and Ladbroke just 6 easier at 436p. Trusthouse Forte, a dull market on Wednesday, shed 3 more to 211p. Elsewhere, profit-taking clipped 12 from recent bid favourite Friendly Hotels at 210p, but further speculative buying on takeover hopes lifted Garfunkels 14 to 206p.

Reaction in Wellcome

The relentless advance in Wellcome came to halt yesterday as profit-takers moved in, but the shares settled well above the worst with a fall of 11 on the day at 408; Dr Arnab Banjeri, the drug analyst of Nomura Securities, is currently recommending Wellcome holders to switch to La Roche. The other Aids preventative stock also came under selling pressure and fell away further to close a similar amount off on balance at 350p. Pharmaceutical issues, which have lead the market higher, came under early selling pressure, but eventually settled well above the worst. Beecham finished only 2 lower at 530p, while Fisons closed 10 off at 648p. Glaxo, however, resisted the trend and settled ⅜ higher at £14⅜. Among other leading issues, BOC reacted 8 to 458p and Hanson Trust 4½ to 162½p. Elsewhere, some of the recent favourites recorded substantial falls, with Reed International reacting 16 to 433p. British Aerospace lost 10 to 633p while Smiths Industries closed 13 lower at 342p. In contrast, demand persisted for Associated British Ports, 15 to the good at 475p. Hunting Associated, the subject of a BZW buy recommendation following the proposed rationalisation of its Survey business, improved 8 to 384p. Acquisition news left Macarthy 20 higher at 388p in a restricted market.

Dealings in Rover Group were temporarily suspended at 62p at the company's request pending an announcement; the suspension follows speculation about the possible sale of the company's trucks division to DAF. Elsewhere in Motors, Jaguar eased 7 to 616p, but Lucas were a steady market and closed unchanged at 613p.

Firm of late on interest rate optimism, leading Properties turned easier following reports of a portfolio "sell" programme. Land Securities dipped 7 to 381p, while MEPC gave up 4 to 363p. Slough Estates eased 3 to 197p. Secondary issues, however, displayed several movements against the general trend. Rosehaugh, reflecting talk of a broker's recommendation, gained 20 more to 715p, while Citygrove rose 10 to 153p following Press comment. Press mention also helped Parkdale, 2 firmer at 81p, while "new time" buying lifted Laing Properties 13 to376p; the latter's annual results are due on March 17. Recently overlooked London Shop Property revived with a gain of 8 at 187p, while Country and New Town firmed 8 to 150p, following news that one of its subsidiaries is in discussions with Bay Financial Corporation of the US concerning a possible merger. Speculative buying lifted Belgrave Holdings 10 to 135p, but Local London encountered scrappy selling and shed 15½ to 583p.

Investors came for Lister on hopes of early news regarding the sale of an Oxford Street property and the close was 10 higher at 190p. Richards attracted support at 73p, up 10, while Yorklyde gained 30 at 260p. Glen Abbey put on 5½ to 91p, but end-Account profit-taking clipped 8 from Courtaulds, at 402p, and 5 from Dawson International, at 287p.

Among Financial Trust, Framlington Group advanced 27 to 910p in front of today's interim figures, but Abaco Investments eased a few pence at 63p after the half-year statement.

BP disappoint

Fourth quarter figures from British Petroleum fell a little short of market expectations and the price eased to 735p prior to closing a net 12 off at 749p. Shell gave up ⅛ to £10⅞ in sympathy. Other leading issues were actively traded but lost ground as crude oil prices traded below $17 a barrel. Ultramar shed 6 to 165p, and Britoil lost 6½ at 174½p. Enterprise were 6 off at 194p, while LASMO gave up 3 at 180p. Elsewhere, Petranol attracted "new time" buying interest on takeover hopes and touched 58p prior to closing a net 2 up at 50p. Conroy, up to 130p initially following favourable comment, subsequently eased back to close 3 lower at 115p. Sovereign shed 5½ to 52½p.

Mining markets were again left out in the cold. For the sixth day running the FT Gold Mines index lost ground, closing 4.8 off at 288.2. Platinum issues also moved slightly easier but De Beers steadied after Wednesday's fall. Financials went with the trend in Gold shares, while some Australians were harder, where changed.

Traded options

After Wednesday's heavy Traded Option business—over 81,000 deals were done on the expiry of the February series—interest waned yesterday. However, a total number of 54,990 contracts were struck, comprising 41,925 calls and 13,065 puts. Over 3,000 calls were done in British Gas and Hanson Trust continued to be actively traded and recorded 2,946. British Airways, meanwhile, attracted 4,762 calls and 1,387 puts.

Traditional Options

- First dealings Feb 2 Feb 16 Mar 2
- Last dealings Feb 13 Feb 27 Mar 13
- Last declaration May 7 May 28 June 11
- For Settlement May 18 June 8 June 22

For rate indications see end of Unit Trust Service

Call options were taken out in Sears, Barratt Developments, Guinness, Chloride, Scottish and Newcastle, Bula, Wellcome, Rotaprint, British Gas, Berkeley and Hay Hill, Kwik Fit, Amstrad, Property Trust, Rivlin, Ryan International, Abaco, Tricentrol, C. H. Beazer, BA, Norfolk Capital, Talbex, Polymark and Land Securities. Puts were arranged in Wellcome, Guinness and Land Securities, while a double option was transacted in Rotaprint.

FINANCIAL TIMES STOCK INDICES

	Feb. 19	Feb. 18	Feb. 17	Feb. 16	Feb. 13	Year ago	1986/87 High	1986/87 Low	Since Compilation High	Since Compilation Low
Government Secs	87.07	86.74	86.12	86.08	86.18	83.73	94.51 (18/4/86)	80.39 (20/1/86)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	93.58	93.46	93.06	92.93	92.82	88.96	97.68 (7/7/86)	86.55 (23/1/86)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1,542.5	1,555.0	1,552.3	1,542.0	1,521.0	1,233.2	1,555.0 (18/2/87)	1,094.3 (14/1/86)	1,555.0 (18/2/87)	49.4 (26/6/40)
Gold Mines	288.2	293.0	305.7	306.3	318.7	324.8	357.8 (22/9/86)	185.7 (18/7/86)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	3.67	3.65	3.66	3.68	3.75	4.25				
Earnings Yld.%(full)	8.63	8.59	8.62	8.68	8.81	10.19				
P/E Ratio (net) (*)	14.20	14.26	14.21	14.13	13.91	12.24				
SEAQ Bargains (5 pm)	52,817	63,092	55,635	48,129	41,120	—				
Equity Turnover (£m)	—	1,741.76	1,520.06	1,281.82	1,355.11	947.34				
Equity Bargains	—	75,230	76,701	62,498	55,809	35,994				
Shares Traded (ml)	—	687.7	682.4	563.3	499.1	388.6				

S.E. ACTIVITY

Indices	Feb. 18	Feb. 17
Gilt Edged Bargains	164.0	133.9
Equity Bargains	487.5	497.0
Equity Value	3520.5	3072.4
5-Day Average		
Gilt Edged Bargains	140.1	132.8
Equity Bargains	435.0	414.8
Equity Value	2984.7	2920.1

♥ Opening	10 a.m.	11 a.m.	Noon	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1553.6	1557.3	1543.3	1541.2	1539.0	1537.9	1533.9	1541.8

Day's High 1559.4. Day's Low 1533.7

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974, *Nil=13.66.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

NEW HIGHS AND LOWS FOR 1986-87

NEW HIGHS (125)

BRITISH FUNDS (2), AMERICANS (13), CANADIANS (1), BANKS (3), BREWERS (1), BUILDINGS (11), CHEMICALS (5), STORES (8), ELECTRICALS (8), ENGINEERING (2), FOODS (2), INDUSTRIALS (26), INSURANCE (1), LEISURE (5), MOTORS (3), NEWSPAPERS (2), PAPER (2), PROPERTY (3), TEXTILES (1), TRUSTS (13), OILS (2), OVERSEAS TRADERS (2), PLANTATIONS (2), MINES (3).

NEW LOWS (2)

PAPER (1) Peters (Michael), TRUSTS (1) St. David's Inv. Inc.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 6 pm.

Stock	Volume 000's	Closing price	Day's change
ASDA-MFI	2,900	138	−1½
Allied Lyons	16,000	378	+5
Amstrad	5,600	163	
Assoc. Brit. Foods	392	354	−6
BAT	5,300	541	−20
BET	303	515	
BOC	4,200	458	−8
BPB Inds	703	643	−10
BTR	2,200	310	−7
Barclays	1,800	565	−4
Bass	627	847	−9
Beecham	2,600	530	−2
Blue Circle	679	700	−6
Boots	5,200	289	−5
Brit. Airways	27,000	108	−1½
Brit. Aero	2,100	663	−10
Brit. Gas	22,000	72	−1
Britoil	8,242	174½	−6½
[illegible]			
Grand Met	3,000	502	−5
Gus "A"	274	£12½	
Guardian R.E.	321	912	−7
GKN	1,600	339	+3
Guinness	8,800	308	+3
Hanson Trust	17,000	162½	−4½
Hawker Sidd	430	545	−8
Hillsdown Hlgs	5,900	258	
ICI	1,700	£13¾	+¼
Imp. Cont. Gas	3,800	632	−1
Jaguar	1,600	616	−7
[illegible]			
TSB	4,400	78	−1½
Tarmac	2,900	540	−14
Tesco	2,600	443	−16
Thorn EMI	1,500	568	+1
Trafalgar House	2,500	320	−5
T'house Forte	5,500	211	−3
Unilever	544	£24	+¼
United Biscuits	2,700	283	−7
Wellcome	9,200	408	−11
Whitbread 'A'	1,100	315	−3
Woolworth	933	760	−3

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	100	1	12
Corporations, Dominion and Foreign Bonds	24	4	42
Industrials	362	705	469
Financial and Properties	100	284	203
Oils	18	43	51
Plantations	6	1	7
Mines	49	61	71
Others	89	50	44
Totals	748	1,149	899

FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Thursday February 19 1987

[illegible]

FIXED INTEREST

[illegible]

LONDON TRADED OPTIONS

Option		Calls Apr.	Calls Jly.	Calls Oct.	Puts Apr.	Puts July	Puts Oct.
Allied Lyons (*379)	300	87	95	105	1	1½	5
	330	57	68	82	1½	6	13
	360	34	48	55	6	13	22
	390	18	26	37	22	28	33
Brit. Airways (*108)	90	22	26	28	1	3	6
	100	13½	18	22	3	7	9
		12	16		8½	13	16
[illegible]							

Option		Calls May	Calls Aug.	Calls Nov.	Puts May	Puts Aug.	Puts Nov.
Ladbroke (*436)	360	79	95	—	1½	3	—
	390	50	68	—	5	10	—
	420	30	47	62	15	20	25
	460	17	28	38	40	45	47
LASMO (*181)	140	47	53	—	1	3	—
	160	31	38	—	6	8	—
	180	15	27	33	13	17	21
[illegible]							

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. Date	1986/87 High	1986/87 Low	Stock	Closing Price	+ or −	Net. Div.	Times Cov'd	Gross Yield	P.E. Ratio
[illegible]											

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

WORLD STOCK MARKETS

AUSTRIA

Feb. 19	Price Sch.	+ or −
Credi'nst'lt pp	2,010	
Goesser	3,050	+20
Interunfall	13,100	+100
Jungbunzlauer	9,600	−10
Laenderbank	1,990	−10
Perlmooser	656	
Steyr Daimler	145	+3
Veitscher Mag	910	+26

BELGIUM/LUXEMBOURG

Feb. 19	Price Frs.	+ or −
B.B.L.	2,860	
Banq.Gen. Lux	15,550	
Banq.Int.A.Lux	15,200	
Bekaert	9,500	
Ciment CBR	4,500	+50
Cockerill	141	+2
Delhaize	3,040	+40
EBES	5,330	−20
Fabrique Nat	1,970	+20
GB Inno BM	1,052	+2
GBL (Brux)	3,460	+10
Generale Bank	6,290	−60
Gevaert	6,210	−90
Hoboken	7,460	−60
Intercom	4,170	−80
Kredietbank	4,350	−50
Pan Holding	10,925	
Petrofina	9,480	+20
Royale Belge	24,600	
Soc.Gen. Belge	3,345	+75
Sofina	12,475	−75
Solvay	9,270	+20
Stanwick Int	300	
Tractebel	6,550	−70
UCB	9,900	−70
Wagons Lits	5,650	−50

DENMARK

Feb. 19	Price Knr %	+ or −
Baltica Skand	910	
Cop Handels'nk	271	
D. Sukkerfab	341	+5
Danske Bank	340	−4
East Asiatic	208	+2
Forenede Brygg.	905	−15
GNT Hld	325	−11
I.S.S.B	820	+5
Jyske Bank	505	+5
Novo Inds*	267	+10
Privatbanken	278	+3
Sophus Berend	810	+10
Superfos	178	+8

FINLAND

Feb. 19	Price Mks	+ or −
Amer	197.5	+3.5
KOP	46	+0.5
Kone	187.5	+3
Finnish Sugar	99	+1.5
Nokia	145	−1
Pohjola 'B'	69.6	+1
Rauma-Repola	20.8	
Stockmann 'B'	170.5	+3
UBF 'C'	33	+1
Wartsila (S11)	185	+2.5

NETHERLANDS

Feb. 19	Price Fls	+ or −
ACF Holdings	60.5	+1
AEGON	86.2	+1.3
Ahold	110	+1.3
AKZO	131.5	+0.3
ABN	515.5	+2.5
AMEV	67	+1.1
AMRO	85.9	+1.2
Bredero Cert	74.8	+1.8
Buehrmann Tet.	58	+0.1
Dordtsche Pet'm	199.2	−2
Elsevier-NDU	244	+1.8
Fokker	55.5	+0.5
Gist Brocades	40.1	+0.3
Heineken	157	−0.3
Hoogovens	37	+0.4
Hunter Doug NV	56	+0.5
IHC/Caland	17.6	−0.4
Int. Mueller	65.5	+1
KLM	41.7	+0.8
KNP	147.8	+0.8
Nat Ned Cert	72.6	+1
Ned Mid Bank	176.5	+1
Nedlloyd	162.5	−1
Oce Grinten	388	−3
Ommeren (Van)	35.1	−0.6
Pakhoed	62.8	+0.5
Philips	47.0	
Robeco	99.2	+0.8
Rodamco	140.8	+0.3
Rolinco	86.8	+0.6
Rorento	60.2	+0.1
Royal Dutch	214.5	−2.5
Unilever	507.5	+1.5
VMF Stork	28	+0.2
VNU	313.5	+1.5
Wessanen	77.4	+0.8
Watters Samson	107.5	−0.2

GERMANY

Feb. 19	Price Dm.	+ or −
AEG	303	+8
Allianz Vers	1,780	+20
BASF	250.5	+4.5
Bayer	293.8	+4.8
Bayer-Hypo	440	+17
Bayer-Verein	436	+11
BHF Bank	435	+3
BMW	496	+17
Brown Boveri	280	−1
Commerzbank	287.5	+7.5
Cont'l Gummi	303.5	+4.5
Daimler-Benz	955	+23
Degussa	490	+19
D'sche Babcock	241.5	+6.5
Deutsche Bank	675	+10.5
Dresdner Bank	357	−2.5
Feld-Muehle Nbl	280	+2.4
Henkel	482	+3
Hochtief	920	+11
Hoechst	250.7	+4.7
Hoesch Werke	103.9	+6.9
Holzmann (P)	600	+2
Horten	225.3	+5.5
Hussel	571	
Karstadt	452.8	+6.3
Kaufhof	480	+6
KHD	156	+0.2
Kloeckner	56.5	+1
Linde	611	+6
Lufthansa	170	+7
MAN	158	+2.2
Mannesmann	152.5	+5.4
Mercedes Hld	801	+15
Metallgesell	267	+7
Muench Rueck	1,840	+40
Nixdorf	707	+10
Porsche	854	+19
Preussag	177	+5
Rhein West Elect	254	−3
Rosenthal	276	+1
Schering	537	−18
Siemens	657	+14
Thyssen	119.5	+4.5
Varta	359	+8
Veba	270	+2
V.E.W.	154.5	+2
Verein-West	432	+2
Volkswagen	350	+8

ITALY

Feb. 19	Price Lira	+ or −
Banco Com'le	23,875	
Bastogi-IRBS	671	−4
C.I.R.	6,000	+15
Credito Italiano	5,101	+29
Fiat	12,550	+350
Generali Assicur.	129,000	+1180
Italcementi	71,700	+200
La Rinascente	1,075	
Montedison	2,820	+40
Olivetti	11,410	−10
Pirelli Co	6,890	−9
Pirelli Spa	5,002	+30
Saipem	4,490	−10
Snia BPD	4,650	+20
Toro Assic	29,505	+485

FRANCE

Feb. 19	Price Frs.	+ or −
Emprunt 4½% 1973	1,523	−17
Emprunt 7% 1973	7,635	+73
Accor	525	+13
Air Liquide	684	+15
BIC	716	−15
Bongrain	2,370	+35
Bouygues	1,200	−1
BSN Gervais	4,660	+100
CIT Alcatel	2,210	−17
Carrefour	3,611	+91
Club Mediter'n	664	+3
Cie Bancaire	1,005	+10
Cofimeg	401	−6.9
Damart	2,485	−30
Darty	474	+8
Dumez S.A.	2,089	+28
Eaux (Cie Gen)	1,425	+7
Elf Aquitane	344	−1
Essilor	3,410	
Gen.Occidentale	1,253	+35
Imetal	95.8	+1.3
Lafarge Coppec.	1,400	
L'Oreal	3,860	−15
Legrand	5,290	−40
Maisons Phoenix	169	−1
Matra S.A.	2,130	−50
Michelin B	2,845	−35
Midi (Cie)	1,345	+45
Moet-Hennessy	2,380	+60
Moulinex	90	
Nord Est	194.5	−0.5
Pernod Ricard	995	−5
Perrier	741	−20
Petroles Fra.	450	
Peugeot S.A.	1,289	+19
Printemps (Au)	659	+28
Radio Tech	1,360	
Redoute	2,730	+105
Roussel-Uclaf	1,620	−30
Sefimeg	497	+16
Skis Rossignol	1,336	−4
Telemec Elect	3,190	−30
Thomson (CSF)	1,465	−5
Valeo	491	−15

NORWAY

Feb. 19	Price Kroner	+ or −
Bergens Bank	190	
Bergesen B.	268	+8
Christiana Bank	212	−1
DenNorske Cred.	172.5	+2.5
Elkem	93	+4
Kosmos	155	
Kvaerner	175.5	
Norcem	128.5	+2.5
Norsk Data	216	
Norsk Hydro	159	+5.5
Orkla-Borregaad	393	+1
Storebrand	310	

SPAIN

Feb. 19	Price Pta %	+ or −
Bco Bilbao	1,625	
Bco Central	1,111	+6
Bco Exterior	585	
Bco Hispano	610	−15
Bco Popular	1,845	
Bco Santander	1,160	
Bco Vizcaya	1,970	+50
Banesto	880	
Dragados	658	+29
Hidrola	92	−3.5
Iberduero	146	−3
Petroleos	562	+8
Telefonica	185.3	−2.5

SWEDEN

Feb. 19	Price Kronor	+ or −
AGA	162	+3
Alfa-Laval B	288	+1
ASEA (Free)	335	+5
Astra (Free)	600	+38
Atlas Copco	162	+14
Beijer A B	185	−2
Cardo (Free)	160	
Cellulosa	277	+2
Electrolux B	292	+4
Ericsson B	222	
Esselte	145	+5
Mo och Domsjo	259	+5
Pharmacia	240	+20
Saab Scania Free	560	−4
Sandvik	152	+8
Skandia	129	+4
Skan Enskilda	114	
SKF	341	+2
Stora Kopparbrg	300	+2
Sven. Handlsbk	406	+1
Swedish Match	425	
Volvo B (Free)	306	+5

SWITZERLAND

Feb. 19	Price Frs.	+ or −
Adia Intl	9,425	
Alusuisse	505	−5
Bank Leu	3,575	+25
Brown Boveri	1,690	+70
Ciba Geigy	3,060	+50
do. (Part Certs)	2,150	−10
Credit Suisse	3,595	+70
Elektrowatt	3,820	−65
Fischer (Geo)	1,725	−50
Hoff-Roche PtCts	134,875	−2,725
Hoff-Roche 1/10	13,475	+675
Jacobs Suchard	8,100	−25
Jelmoli	4,010	
Landis & Gyr	1,670	−30
Nestle	9,060	+75
Oer.Buehrle	1,160	−5
Pargesa Hldgs	2,160	+10
Pirelli	435	+1
Sandoz (Br)	10,500	
Sandoz (Pt Cts)	1,640	
Schindler (PtCts)	650	
Sika	1,775	+25
Surveillance A	8,225	−75
Swissair	1,225	−5
Swiss Bank	507	+2
Swiss Reinsce	16,850	+50
Swiss Volksbk	2,415	−5
Union Bank	5,550	+100
Winterthur Inh	6,650	+50
Zurich Ins	7,600	

AUSTRALIA

Feb. 19	Price Aust. $	+ or −
ACI Intl	3.95	
Adelaide Steams	3.5	+0.2
Amcor	4.55	+0.1
ANZ Group	5.68	−0.02
Ampol Pet	2.95	+0.05
Ariadne	3.5	+0.22
Ashton	2.9	+0.1
Aust. Guarantee	3.85	
Aust. Nat. Inds	3.55	+0.1
Bell Group	10.25	−0.25
Bell Res	4.72	+0.02
Bond Corp Hldgs	2.7	
Boral	4.65	−0.05
Bougainville	3.20	
Brambles Inds	8.70	
Bridge Oil	0.85	−0.05
BHP	10.46	
Burns Philp	10	+0.2
CRA	7.1	+0.14
CSR	3.84	
Chase Corp	4.1	−0.05
Claremont Pet	0.82	−0.07
Coles Myer	6.2	+0.04
Comalco 'A'	2.85	
Consolidated Pet	0.35	−0.01
Costain Aust	4.20	
Elders IXL	4.99	+0.01
Energy Res	1.75	

AUSTRALIA (continued)

Feb. 19	Price Aust. $	+ or −
Gen. Prop. Trust	2.75	+0.05
Hardie (James)	4.2	+0.05
Hartogen Energy	3.3	
HeraldW'y Times	17.2	+0.2
ICI Aust	3.4	+0.06
Industrial Equity	5.18	
Jimberlana F.P.	0.39	
Kia Ora Gold	1.05	−0.07
Kidston Gold	7.50	
Land Lease	11.1	+0.3
MIM	2.45	+0.1
Mayne Nickless	4.4	
Nat. Aust. Bank	5.44	
News	21.5	+0.8
Nicholas Kiwi	3.80	
Noranda Pacific	3.35	+0.10
North Bkn Hill	2.50	+0.10
Oakbridge	0.58	−0.02
Pacific Dunlop	5.14	+0.06
Pancontinental	3.45	+0.05
Pioneer Conc	3.38	+0.1
Placer Pacific	2.4	+0.08
Poseidon	6.9	
Queensland Coal	1.44	+0.03
Santos	4.08	
Smith Howard	5.16	
Thos. Natwide	4.70	+0.10
Tooth	5.9	−0.10
Vamgas	2.85	−0.05
Western Mining	5.7	+0.04
Westpac Bank	4.70	
Woodside Petrol	2.0	+0.05
Woolworths	3.60	
Wormald Intl	4.10	−0.2

HONG KONG

Feb. 19	Price H.K.$	+ or −
Bank East Asia	26.60	+1
Cathay Pacific	6.30	
Cheung Kong	42.75	−0.75
China Light	21.70	−0.1
Evergo	0.61	−0.02
Hang Seng Bank	44.5	−0.25
Henderson Land	5.05	−0.05
HK China Gas	23.50	+0.01
HK Electric	14.30	−0.1
HK Land	7.95	
HK Shanghai Bk.	10.4	−0.1
HK Telephone	14.20	−0.3
Hutchison Wpa	52.5	−1
Indust.Equt.Pac.	21.9	+1.2
Jardine Math	24.9	−0.2
New World Dev	10.4	+0.1
SHK Props	22.5	−0.4
Shell Elect	1.34	−0.07
Swire Pac A	21.60	−0.2
TV—B	13.5	[illegible]
Wharf Holdings	9.5	
Winsor Inds	9.40	−0.1
World Int. Hldgs	3.8	−0.07

JAPAN

Feb 19	Price Yen	+ or −
Ajinomoto	2,570	+220
All Nippon Air	1,600	+20
Alps Electric	1,890	+40
Asahi Chem	822	+11
Asahi Glass	1,360	
Bank Tokyo	1,340	+30
Bridgestone	688	+18
Brother Inds	575	+5
Canon	976	+63
Casio Comp	1,340	+60
Chugai Pharm	1,600	+40
Daiei	1,250	−10
Dai-ichi Kan. Bk.	2,640	+50
Dai Nippon Ink	615	−5
Dai Nippon Ptg	1,840	+20
Daiwa House	1,800	+80
Daiwa Sec	2,770	+100
Eisai	2,160	+110
Fanuc	5,570	+240
Fuji Bank	2,630	+50
Fuji Film	3,610	+60
Fujisawa	1,670	+160
Fujitsu	994	+40
F'jrukawa Elect.	490	−3
Green Cross	2,650	+120
Heiwa Real Est	1,510	+90
Hitachi	1,050	+10
Hitachi Credit	1,820	
Honda	1,400	+40
Indl. Bk. Japan	5,290	+140
Ishikawajima Hr.	466	−27
Isuzu Motor	356	+5
Itoh (C)	791	+38
Ito Yokado	3,460	−20
JAL	14,800	−300
Jusco	1,280	−30
Kajima	1,500	+90
Kao Corp	1,620	+10
Kawasaki Steel	235	−4
Kirin	1,730	+40
Kobe Steel	291	
Komatsu	517	−3
Konishiroku	638	+21
Kubota	446	+1
Kumagai	1,160	+70
Kyocera	4,400	+160
Marubeni	465	+15
Marui	2,530	+20
Mazda Motors	374	−5
Meiji Seika	958	+44
MIE	2,000	+80
M'bishi Bank	2,600	+40
M'bishi Chem	825	+42
M'bishi Corp	1,090	+60
M'bish Elect	519	+14
M'bishi Estate	2,590	+90

JAPAN (continued)

Feb. 19	Price Yen	+ or −
MHI	535	+17
Mitsui Bank	1,630	
Mitsui Co	600	+23
Mitsui Estate	2,050	+100
Mitsui Toatsu	472	+2
Mitsukoshi	1,080	−10
NGK Insulators	821	−4
Nikko Sec	2,250	+100
Nippon Denso	1,510	+10
Nippon Elect	2,090	+90
Nippon Express	1,320	
Nippon Gakki	1,410	+50
Nippon Kogaku	755	+30
Nippon Kokan	259	−6
Nippon Oil	1,210	
Nippon Seiko	480	+13
Nippon Shimpan	1,130	+40
Nippon Steel	296	−5
Nippon Suisan	487	−5
Nippon Yusen	569	+5
Nissan Motor	640	+20
Nisshin Flour	866	−9
Nomura	4,150	+60
Olympus	1,230	+130
Onoda Cement	605	+15
Orient Finance	1,090	+40
Orient Leasing	5,630	+250
Pioneer	2,480	+20
Ricoh	965	+60
Sankyo	1,610	+50
Sanwa Bank	2,370	+20
Sanyo Elect	407	+16
Sapporo	1,320	+40
Sekisui House	1,670	+40
Seven Eleven	7,660	−120
Sharp	1,090	+60
Shimizu Constn	905	+39
Shionogi	1,660	+20
Shiseido	1,780	+40
Showa Denko	460	−10
Sony	3,590	+220
S'tomo Bank	3,260	+70
S'tomo Chem	679	−1
S'tomo Corp	985	+50
S'tomo Elect	1,720	+10
S'tomo Metal	193	−6
Taisei Corp	960	+35
Taisho Marine	1,110	
Taiyo Kobe Bank	1,810	+130
Takeda	3,700	+70
TDK	5,800	+220
Teijin	690	+2
Toa Nenryo	1,690	−10
Tokai Bank	1,590	+10
Tokio Marine	2,110	+40
Tokyo Elec Pwr	7,780	−30
Tokyo Gas	1,050	
Tokyu Corp	1,490	+70
Toppan Print	1,550	+10
Toray	701	−17
Toshiba Elect	658	+13
Toyo Seikan	1,980	−20
Toyota Motor	1,910	+130
UBE Inds	296	−8
Victor	2,480	+40
Yamaha	662	+28
Yamaichi Sec	2,020	+50
Y'manouchi Phm	3,920	+90
Yamazaki	1,820	+20
Yasuda Fire	1,080	+30

SINGAPORE

Feb. 19	Price $	+ or −
Boustead Hldgs	1.77	+0.04
Cold Storage	3.66	+0.02
DBS	11.40	+0.40
Genting	8.85	+0.25
Haw Par. Bros	3.86	+0.10
Hong Leong Fin.	3.10	+0.04
Inchcape Bhd	3.12	+0.02
Keppel Corp	3.04	+0.21
Malay Banking	7.15	+0.15
Malay Utd. Ind	2.16	
Multi Purpose	0.84	
OCBC	10.20	+0.20
OUB	3.62	+0.12
Public Bank	1.68	+0.08
Sime Darby	2.88	−0.01
Singapore Air	10.70	+0.10
Singapore Press	8.80	+0.15
Straits Trdg	4.10	−0.02
Tat Lee Bank	3.06	+0.08
UOB	5.05	+0.07

SOUTH AFRICA

Feb. 19	Price Rand	+ or −
Abercom	4	−0.1
AE&CI	16.25	−0.25
Allied Tech	97	+2
Anglo Am. Coal	40.5	
Anglo Am. Corp	67.25	
Anglo Am. Gold	520	−5
Barclays Bank	18.25	
Barlow Rand	19.1	−0.4
Buffels	74.5	+0.5
CNA Gallo	3.35	+0.10
Currie Finance	6.7	−0.2
De Beers	40	
Driefontein	70.5	−0.5
F. S. Cons	52.5	
Gold Fields S.A.	84	
Highveld Steel	5.20	
Malcor	17	
Nedbank	6.2	−0.05
OK Bazaars	14.25	
Rembrandt	91.5	+0.5
Rust Plat	61.6	+0.7
Safren	19.75	+0.75
Sage Hldgs	11.5	
SA Brews	16.75	+0.25
Smith (CG)	[illegible]	+0.25
Tongaat Huletts	10.20	−0.15

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. * Price in Kroner.

CANADA

TORONTO

Closing prices February 19

Sales	Stock	High	Low	Close	Chng
5105	AMCA Int	$11¼	10⅞	10⅞	−⅜
58565	Abitibi Pr	$38½	37⅞	38½	+½
7800	Agnico E	$28⅞	28½	28⅞	+¼
91404	Albrta En	$16¾	16⅜	16½	−⅛
2800	Albrta N	$15	14⅞	14⅞	+⅛
105490	Alcan	$50⅞	50	50⅝	−⅛
803	Algo Cent	$20¾	20¼	20¼	
4124	Algoma St	$10½	10¼	10¼	−⅛
30650	Asamera	$11¾	11¼	11½	−⅜
19303	Atco I f	$9	8¾	8⅞	−⅛
1500	Atco II	$9½	9½	9½	
5650	BC Sugar A	$24⅛	23⅞	23⅞	−⅛
3750	BGR A	$10⅜	10⅛	10⅜	+¼
7108	BP Canada	$37¾	37¼	37½	+¼
400	Banister C	$8¾	8¼	8¼	−¼
125702	Bk BCol	78	75	75	−3
108341	Bk Montl	$37⅞	37⅜	37⅜	−⅛
275283	Bk NScot	$21⅛	20⅝	20¾	−⅜
199938	Bell Can	$41½	40⅞	41½	+½
110796	Bow Valy	$17¼	16¾	16¾	−½
2300	Bralorne	145	135	145	+10
5196	Bramalea	$25¼	25	25¼	+⅛
159725	Brascan A	$34½	34	34¼	
95275	Brinwater	$7¾	7½	7¾	+⅛
2300	Brenda M	$9¼	8¾	9¼	+½
81733	BC ForP	$19⅜	19	19⅛	−⅜
22095	BC Res	103	103	103	+1
10601	BC Phone	$28¾	28⅜	28½	
1259	Brunswk	$12½	12⅜	12½	
28630	CAE	$11⅞	11⅝	11⅞	+¼
48560	CCL B f	$14⅜	13⅞	14¼	+¼
250	CIL	$28⅛	28⅛	28⅛	
6500	Cad Frv	$33	32⅞	32⅞	−⅛
3502	Cambridg	$26¾	26½	26½	−¼
42265	Camp RLk	$29⅝	29	29⅝	+⅛
11502	Camp Res	178	170	178	+7
2045	Camp Soup	$20¾	20¼	20¾	+½
18700	Campeau f	$24¾	24½	24¾	
15088	CCem ex p	$16⅛	16	16⅛	+¼
28393	CDC f	$9¼	9	9	−¼
12150	Can Malt	$20½	20⅜	20½	−⅛
8040	C Nor West	$16⅝	16½	16½	−⅜
10575	C Packrs	$16⅝	16¼	16⅝	+⅜
2705	CS Pete f	$6	6	6	−¼
1033	Can Trust	$58	58	58	
200	Cdn GE	$121	121	121	
223430	CI Bk Com	$23⅝	22⅞	23⅝	+⅜
4050	C Marconi	$20⅛	19⅞	20	
60032	C Occidntl	$27½	27	27¼	+¼
399557	CP Ltd	$22⅞	22½	22⅞	−½
134898	CTire A f	$14¼	13⅞	14	−⅛
31958	CUtil A f	$20	19⅞	20	
16850	CUtil B	$20	20	20	
69735	Canfor	$28⅞	27¾	27¾	−¾

Sales	Stock	High	Low	Close	Chng
500	Canron A	$18⅝	18	18¼	−⅛
26445	Cara	$10¼	9¾	10¼	+⅜
800	Cara A f	$9½	9¼	9½	+¼
183637	Carl OK	$15⅞	14¾	15⅜	+⅞
39966	Carma A	15	15	15	+1
4004	Celanese	$18⅝	18⅝	18⅝	−½
12900	CentFd A	$6⅞	6⅝	6⅝	
10348	Centrl Tr	$23¼	22⅜	23¼	+1⅛
2000	Chieftan	$10⅞	10⅝	10⅝	−⅛
843	CHUM B f	$15¾	15⅝	15⅝	−⅛
367158	Cominco	$16⅞	16¼	16¾	+½
2500	Computlog	$6	6	6	+⅛
26000	Comput In	320	315	315	−10
500	Comterm	77	77	77	+2
40960	Con Bath A	$36¼	36	36	
6200	CDistb B f	470	460	465	−5
6658	Cons Gas	$27½	27⅛	27½	+⅜
5300	Con Glass	$23½	23	23	−⅜
5470	CTL Bank	$16½	16⅜	16⅜	
315	Conwst B	$12½	12½	12½	
850	Corby	$19	18¾	18¾	−¼
30030	C Falcon C	$19	18¼	18⅝	+⅜
8000	Coseka R	75	73	75	+2
1300	Costain Ltd	$13¾	13⅝	13⅝	−¼
7016	Crownx	$23⅝	23	23½	+¾
70092	Crownx A f	$9⅞	9⅝	9⅞	+⅛
5100	Czar Res	175	172	175	−1
7041	Denison A p	$8⅝	8⅝	8½	
3651	Denison B f	$7½	7⅜	7½	+¼
900	Develcon	290	290	290	
7447	Dicknsn A f	$10⅝	10⅜	10½	+¼
25420	Dicknsn B	$10¾	10⅝	10⅝	−⅜
70818	Dofasco	$25¼	24¾	25¼	+¾
126030	Dome Mine	$13½	13	13½	+½
510155	Dome Pete	125	112	123	+8
5587	D Textile	$20⅞	20⅝	20⅞	
42201	Domtar	$47¾	46¾	46⅞	−⅜
77350	Donohue	$35½	33½	35½	−1⅜
1360	Du Pont A	$45⅝	45	45⅝	
30475	Dylex A	$15¾	15¼	15⅜	−¼
5458	E-L Fin	$60	59	60	+1
101925	Echo Bay	$37¼	36¼	37	
17230	Emco	$15¼	15	15¼	+¼
6130	Equity Svr	$5½	5¼	5½	+¼
4840	FCA Intl	$19½	19¼	19¼	
261350	Fcnbrdg	$19⅞	19½	19⅞	+⅛
8308	Fed Ind A	$18⅜	18	18⅛	−⅛
4340	Fed Pion	$12¾	12½	12¾	+½
6800	FCity Fin	$16	15¾	15¾	
825	Ford Cnda	$165	163½	164	−⅜
5100	Gandalf	$11⅛	11	11	−⅛
1075	Geac Comp	180	170	180	+5
2200	Gendis A	$19	18⅞	18⅞	
200	Giant Yk	$17⅜	17⅜	17⅜	+⅝
6850	Gibrltar	$9⅝	9⅛	9⅝	+⅝
26300	Goldcorp f	$8¾	8⅝	8¾	+⅛
3500	Grafton A f	$16½	16⅛	16½	+⅛
3320	GL Forest	$43	42¼	43	+½
2134	Greyhnd	$27½	27⅜	27⅜	−⅛

Sales	Stock	High	Low	Close	Chng
13180	GuarPA f	$15⅜	15¼	15⅜	
168529	Gulf Can	$25	24⅝	24⅝	−⅝
192	Hawker	$28⅜	28⅜	28⅜	
252922	Hayes D	$12	11¾	11¾	−¼
40640	Hees Intl	$35½	34⅝	34⅝	−⅛
6022	H BayMn s	$8¼	8	8¼	
3172	H Bay Co	$26	25⅝	25¾	+⅛
75397	Husky Oil	$11⅜	11¼	11¼	
47438	Imasco	$35½	34⅞	34⅞	−⅛
113928	Imp Oil A	$58⅛	57	57⅛	−⅞
183235	Inco	$21¼	20⅝	20⅞	−¼
21300	Indal	$15¼	14¾	15¼	+1
2380	Inland Gas	$13½	13⅜	13½	
8000	Innopac	$13½	13¼	13¼	+⅛
67645	Inter City	$17¾	17⅜	17¾	+⅜
79723	Ind Thom	$14¼	14⅛	14¼	
15839	Intpr Pipe	$45¼	45	45⅛	+⅛
427	Ipsco	$9⅝	9¼	9¼	
130032	Iveco A f	$16¾	16¼	16¾	+⅜
1000	Iveco B	$16¾	16⅜	16¾	+¼
13200	Jannock	$37¼	36¾	36¾	−½
2364	Karr Add	$20	19½	19¾	
1600	Kiena Gld	$28	28	28	+¾
72505	Labatt	$23½	22⅞	23⅛	+⅛
67018	LL Lac	$35¼	34⅝	35	
27200	Lacana	$9¾	9¼	9⅝	+¼
8785	Laidlaw A	$26⅝	26¼	26½	+½
223220	Laidlw B f	$25	24¼	24⅞	+⅛
21470	Leigh Inst	$5⅝	5½	5½	−⅛
43700	Loblaw Co	$13⅜	13⅛	13¼	−⅛
13370	Lumonics	$9½	9⅛	9½	+⅛
29410	MICC	$9¾	9¼	9¾	+⅜
42600	Mclan H X	$19¾	19⅝	19¾	
2000	Mcln HY f	$17¼	17¼	17¼	−⅛
119495	Macmilan	$65⅝	63¼	63¼	−2¼
32500	Magna A f	$30½	30	30¼	
7398	Maritime f	$16½	16¼	16¼	−⅛
200	Mc Intyre	$40	40	40	+½
447400	Minrl Res	350	325	350	+25
174850	Mitel Corp	$8¼	8⅛	8¼	+⅛
8062	Molson A f	$26	25⅝	26	
1000	Molson B	$27	27	27	+⅜
7507	Moneco A f	425	415	425	+10
8375	M Trusco	$15¼	15⅛	15⅛	−⅛
43545	Moore	$32⅞	32⅜	32⅜	−⅛
181031	Nat Bk Can	$18⅛	17¾	17⅞	+⅛
10330	Nt Vg Trco	$23½	23½	23½	
6900	Nll CapA f	$11¼	10⅝	10⅝	
2103	Nfld LP A	$20	19¾	20	−⅛
592542	Noranda	$28½	27⅜	28½	+1⅛
177058	Norcen	$22½	21⅝	21¾	−⅝
141418	Norcn ord f	$20½	19⅝	19¾	−⅝
5990	NC Oils	$12½	12¼	12¼	−¼
70742	Nor Tel	$58⅝	57¼	58¼	+¼
5775	Northgat	$7⅝	7⅜	7⅜	+⅜
122338	Nva AltA f	$8½	8¼	8¼	−¼
2325	Nowsco W	$14½	14⅜	14½	
69440	Nu West	43	41	41	
4100	Numac	$10⅞	10⅜	10½	−⅛

Sales	Stock	High	Low	Close	Chng
730	Oakwood	310	310	310	+10
1677	Oakwd A f	120	115	115	−5
3000	Ocelot B f	445	430	445	+15
1501	Omega Hyd	$5⅜	5¼	5¼	−⅛
154500	Oshawa A f	$20¼	19¾	20¼	+½
375378	PacW Airl	$24¾	23	24⅝	+1¼
17000	Pgurin A f	$15	14⅝	14¾	−⅛
20900	Pamour	$12⅝	12⅛	12⅝	+⅜
33400	PanCan P	$31¼	30¾	30¾	−⅝
58991	Pegasus	$16⅞	16⅛	16⅞	+½
8140	PJewl A f	$11⅜	11¼	11¼	−⅛
880	Pine Point	$9⅜	9⅛	9⅛	−⅛
725631	Placer D	$37½	36⅝	37⅛	+1⅜
7250	Poco Pet	$13½	12⅞	12⅞	−⅝
75594	Powr Cor f	$19	18¾	18⅞	+¼
227	Precamb	240	240	240	
14647	Provigo	$21⅜	21¼	21⅜	
10908	Que Sturg	430	415	430	−10
200	Que Tel	$14½	14½	14½	+⅛
55807	Ranger	$6⅝	6⅛	6⅛	−¼
13000	Rayrock f	$7⅞	7¾	7¾	−⅛
13896	Redpath	$14⅞	14½	14½	−⅜
3800	Regionl R	205	190	190	−15
492872	Rio Algom	$21	20½	21	+¼
1580	Rogers A	$20¾	20¼	20¼	
212444	Rogers B f	$19¾	19	19¾	
205930	Roman	$13½	12½	13½	+¾
527	Rothman	$52⅞	52	52	−1
107841	Royal Bnk	$37½	37⅛	37¼	+⅛
27995	RyTrco A	$32½	32⅛	32½	

F—No voting rights or restricted voting rights.

MONTREAL

Closing prices February 19

Sales	Stock	High	Low	Close	Chng
55563	Bank Mont	$37⅞	37⅜	37⅜	−⅛
20915	BombrdrA	$22½	21¼	22¼	+⅝
147613	BombrdrB	$22½	21¼	22¼	+⅞
38030	CB Pak	$22	21¾	21⅞	−⅛
30727	Cascades	$14⅝	14⅜	14½	−⅛
100	CIL	$28⅛	28⅛	28⅛	−⅜
30494	ConBath	$36½	35⅞	36½	+½
5607	DomTxtA	$20¾	20⅝	20⅝	−¼
5100	MntTrst	$15¼	15	15	−⅛
203022	NatBk Cda	$18⅛	17⅝	17⅞	
20371	Noverco	$13⅝	13⅜	13½	−⅛
45050	Power Corp	$19	18⅝	18⅞	+⅛
21613	Provigo	$21½	21⅛	20¾	
3700	RollandA	$18⅞	18⅝	18¾	+⅛
16110	RollandB	$27	27	27	
62044	Royal Bank	$37⅞	37⅛	37¼	+⅛
10152	SteinbrgA	$39⅝	38¼	38½	+¼

Total Sales 9,748,913 shares

Indices

NEW YORK-DOW JONES

	Feb 19	Feb 18	Feb 17	Feb 16	Feb 13	Feb 12	1986/87 High	1986/87 Low	Since Compilation High	Since Compilation Low
Industrials	2,244.09	2,237.63	2,237.49	(c)	2,183.35	2,165.78	2237.63 (18/2/87)	1502.29 (22/1/86)	2237.63 (18/2/87)	41.22 (2/7/32)
Transport	951.07	953.60	948.40	(c)	922.36	910.25	953.0 (12/2/87)	686.97 (9/1/86)	953.8 (12/2/87)	12.32 (8/7/32)
Utilities	221.56	221.31	220.82	(c)	220.75	218.14	227.83 (22/1/87)	169.47 (22/1/86)	227.83 (22/1/87)	10.5 (8/4/32)
Trading vol	—	218.21m	187.82m	—	184.38m	280.38m	—	—	—	—

	Feb 13	Feb 6	Jan 30	Year Ago (Approx)
Ind Div Yield %	3.08	3.07	3.11	3.81

STANDARD AND POORS

	Feb 19	Feb 18	Feb 17	Feb 16	Feb 13	Feb 12	1987 High	1987 Low	Since Compilation High	Since Compilation Low
Industrials	323.55	324.26	324.72	(c)	317.68	314.94	324.72 (17/2/87)	224.48 (22/1)	324.72 (17/2/87)	3.62 (21/6/32)
Composite	285.57	285.42	285.48	(c)	279.70	275.88	285.48 (17/2/87)	203.48 (22/1)	285.48 (17/2/87)	4.40 (1/6/32)

	Jan 28	Jan 21	Jan 14	Year Ago (Approx)
Ind div yield %	2.68	2.75	2.81	3.44
Ind. P/E Ratio	18.87	19.34	18.93	14.68
Long Gov Bond Yield	18.01	9.82	7.36	9.28

N.Y.S.E. ALL COMMON

Feb 19	Feb 18	Feb 17	Feb 16	1987 High	1987 Low
162.76	162.56	162.40	(c)	162.56 (18/2/87)	117.75 (22/1)

RISES AND FALLS

	Feb 19	Feb 18	Feb 17
Issues traded	1,989	1,993	1,951
Rises	799	1,130	1,089
Falls	785	505	501
Unchanged	405	358	378

TORONTO

	Feb 19	Feb 18	Feb 17	Feb 16	1987 High	1987 Low
Metals & Minls	2,466.7*	2,498.7	2,480.7	2,439.4	2,480.7 (17/2/87)	1,917.4 (5/1)
Composite	3,553.8*	3,568.8	3,558.8	3,531.1	3,580.0 (18/2/87)	2,754.0 (17/2)
MONTREAL Portfolio	1,810.45*	1,814.73	1,816.15	1,797.9	1,816.1 (17/2/87)	1,395.5 (22/1)

* Indicates pre-close figure

	Feb. 19	Feb. 18	Feb. 17	Feb. 16	1986/87 High	1986/87 Low
AUSTRALIA						
All Ord. (1/1/80)	1589.6	1578.7	1573.2	1575.9	1589.6 (19/2/87)	1010.8 (2/1/86)
Metals & Mnls. (1/1/80)	766.6	758.2	758.3	757.8	766.0 (20/1/87)	481.1 (20/1/86)
AUSTRIA						
Credit Aktien (30/12/84)	204.65	205.08	202.14	201.51	268.84 (23/4)	200.57 (12/2/8)
BELGIUM						
Brussels SE (1/1/84)	4172.18	4160.57	4188.65	4146.21	4188.57 18/2/87	2768.81 (15/1/8)
DENMARK						
Copenhagen SE (3/1/83)	287.97	287.20	286.66	286.11	250.70 (18/4)	189.26 (11/11)
FINLAND						
Unitas Genl. (1975)	(u)	447.8	447.5	445.6	462.1 (13/1/87)	258.3 (2/1/86)
FRANCE						
CAC General (31/12/82)	415.1	416.7	419.4	421.1	425.7 (28/1/87)	267.8 (2/1/86)
Ind Tendance (31/12/86)	104.3	104.2	105.4	106.5	108.4 (27/1/87)	97.5 (2/1/87)
GERMANY						
FAZ Aktien (31/12/58)	561.19	565.29	565.55	561.82	755.86 (17/4)	555.03 (5/2/87)
Commerzbank (1/12/53)	1765.5	1706.3	1702.6	1754.3	2275.8 (17/4)	1677.6 (5/2/87)
HONG KONG						
Hang Seng Bank (31/7/64)	2775.82	2801.46	2782.06	2766.88	2801.46 (18/2/87	1559.84 (19/5)
ITALY						
Banca Comm. Ital. (1972)	669.65	677.56	681.46	680.72	808.20 (30/5)	484.67 (24/1/86)
JAPAN**						
Nikkei (16/5/49)	20228.1	19951.5	19687.9	19551.5	20228.1 (19/2/87	12881.0 (21/1/86)
Tokyo SE New (4/1/68)	1762.87	1738.72	1716.57	1699.72	1762.87 (19/2/87	1025.85 (21/1/86)
NETHERLANDS						
ANP.CBS General (1970)	265.2	262.5	261.2	258.8	301.0 (5/5)	240.4 (8/5)
ANP.CBS Indust (1970)	246.5	248.5	245.7	245.9	286.9 (18/8)	234.0 (5/5)
NORWAY						
Oslo SE (4/1/83)	382.85	380.27	376.67	375.74	492.81 (15/1/86)	351.51 (4/6)
SINGAPORE						
Straits Times (30/12/66)	1049.82	1029.56	1017.72	1027.05	1049.82 (19/2/87	565.54 (28/4)
SOUTH AFRICA						
JSE Gold (28/9/78)	—	1818.0	1907.0	1870.0	2121.0 (15/1/87)	1106.7 (21/4)
JSE Indust (28/9/78)	—	1563.6	1554.0	1547.0	1566.0 (18/2/87)	1015.5 (2/1/86)
SPAIN						
Madrid SE (30/12/85)	249.56	249.59	246.28	237.57	251.45 (4/2/87)	100.65 (3/1/86)
SWEDEN						
Jacobson & P (31/12/56)	2555.45	2506.22	2269.05	2225.85	2572.76 (7/11)	1728.57 (28/1/86)
SWITZERLAND						
Swiss BankCpn (31/12/58)	576.5	571.2	572.9	575.8	625.5 (9/1/86)	487.2 (4/6/86)
WORLD						
MS. Capital Intl. (1/1/70)	—	405.6	404.5	399.8	405.6 (18/2/87)	249.8 (28/1/8

** Saturday February 14: Japan Nikkei (c). TSE (c).

Base value of all indices are 100 except Brussels SE—1,000, JSE Gold—255.7, JSE Industrial—264.3, and Australia, All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors 10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financial and 20 Transports. c Closed. u Unavailable.

NYSE-Consolidated 1500 Actives

	Stocks Traded	3.00p.m. Price	Change on Day		Stocks Traded	3.00p.m. Price	Change on Day
Navistar	2.84m	7	+ ⅛	Texaco	1.42m	34⅞	+ ⅞
Sears Roe	2.82m	51⅝	+ 1⅜	Gen Elec	1.41m	100⅝	− 1⅝
Newlt-Pack	1.84m	53⅝	− 3⅜	Ice Pharm	1.28m	18½	− ⅛
Piedmont Avi	1.49m	68½	+ 3¾	Fpl group	1.20m	33⅞	− ¼
ATT	1.44m	23¾	+ ⅛	K Mart	1.18m	55¾	+ 1

Advances 880 Declines 848

TOKYO – Most Active Stocks
Thursday, February 19, 1987

	Stocks Traded	Closing Price	Change on Day		Stocks Traded	Closing Price	Change on Day
Nippon Steel	287.72m	286	− 5	Hitachi Zosen	38.40m	168	−11
Kobe Steel	122.51m	281	unch	Nippon Kokan	37.70m	289	− 7
Mitsui Eng. & Ship	42.88m	248	−15	Nippon Yusen	37.57m	569	+ 5
Toyobo	41.23m	480	+28	Kawasaki Steel	32.42m	235	− 4
Sumitomo Chemical	39.27m	879	− 1	Mitsubishi Electric	31.59m	519	+14

LONDON – Most Active Stocks
Thursday, February 19, 1987

	Stocks Traded	Closing Price	Change on Day		Stocks Traded	Closing Price	Change on Day
Brit. Airways	27.00m	108	− 1½	All. Lyons	16.00m	378	+ 5
Brit Gas	22.06m	72	− 1	Brit Telecom	16.00m	237½	− 1½
Sears	19.88m	136	− ½	Pilkington Bros.	15.00m	721	− 2
Comm Union	17.08m	342	−10	Plessey	11.95m	211	+ 2
Hanson Trust	17.08m	162½	− 4½	Britoil	8.24m	174½	− 6½

OVER-THE-COUNTER *Nasdaq national market, closing prices*

Continued from Page 41

Stock		Sales (Hnds)	High	Low	Last	Chng
Orbit	16	544	12½	12⅛	12⅝	+ ⅛
OshBA .58	26	582	u75½	69	74½	+4½
OshkTB .30	11	74	30¼	29¾	29¾	
OttrTP 2.92	14	44	48	47¾	48	+ ¼
OwenMn.30	16	122	20⅛	19⅞	19⅞	
P Q						
PACE		1812	7¼	d 6¾	7	− ¼
PNC 1.52	10	1076	46	45½	46	+ ¼
Paccar 1.60a	19	46	56½	56	56	− ½
PacFst .10e	6	1671	20⅞	20	20¾	+ ½
PacoPh	22	78	24½	24	24½	+ ½
Pallied	7	60	17¼	16½	16¾	− ¼
ParPhr	27	614	24	23¼	23¼	− ¾
Parisan	18	35	24¾	24¼	24¼	− ¼
Pattex		102	15¼	14½	15	− ¼
PaulHr	27	257	23½	23⅜	23⅜	
Paychx	46	93	27¾	27¼	27¼	− ¼
Payco	33	126	18¼	17¾	18¼	+ ¼
PegGld		1567	12¾	12⅛	12¾	+ ½
Penbcp 1.20	14	46	46½	45¾	46½	+ ¼
Pentair .69	18	143	31½	31¼	31⅜	
PeoBnC 1		21	50	49¾	50	
PeoWst		86	25⅞	25½	25⅝	− ⅛
PerpSa	11	176	14⅝	14¼	14⅜	
PerpSpf .84		742	13⅛	12¾	13	+ ¼
Petrite 1.12	21	79	32¼	31¾	32¼	
Phrmct		574	9½	9⅛	9½	+ ¼
Phrmcl.11e	35	812	27½	27⅛	27⅛	− ¾
PhilGl .70e	15	1507	22¾	22⅜	22¾	+ ¼
PicSavs	23	1071	24⅛	23¾	23⅝	− ¼
PicCafs .48	17	194	23	22½	23	+ ½
PionGp .40	18	8	30	29¼	30	+ ½
PionHi 1.04	17	172	34½	34¼	34¼	
Plenum 1.20	12	30	59½	59	59	− ½
PlcyMg	34	5368	30¼	29½	29¼	+ ½
PoncFs.30a	5	202	13	12¾	12¾	
Porex	10	433	30	29½	30	+ ⅛
PortsCl		1138	7½	6⅞	7½	+ ⅜
Possis	126	56	24	23½	24	
PoughSv	9	641	18⅞	18¼	18¾	
PrcCst .12	26	50	55½	54¼	54¼	− ½
PresLfs	23	112	19½	19	19¼	− ¼
PrstnCp .50	19	1813	21¾	21½	21½	− ¼
Priam		3472	4½	4⅛	4⅝	
PriceCo	33	1082	43½	42½	43½	+1
PSSPub		262	11½	11	11⅜	+ ⅜
PrceTR	24	110	48¼	48	48¼	− ¼
PrimvD .16	69	1646	12	11¾	11¾	
ProgSs	7	77	22¾	22	22⅝	− ⅜
ProgCs .12	13	1876	30½	29½	30½	+ ¾
ProsGp		471	9¾	9½	9½	− ⅛
ProtLfe .70	10	24	19½	19	19	− ¼
PrvLfe .84	7	1586	28	27½	27¾	+ ⅜
PgSdBs .72	11	259	26½	25½	26¼	+ ½
PuritBe .20	21	31	41¼	40½	41	+ ¼
Quadrx		1197	11¼	10½	11⅛	+ ⅜
Quantm	24	3193	u32¾	31¼	32⅛	+ ⅞
Quixtes		802	13⅞	12⅞	13⅞	+1⅛
R R						
RPM .72	24	463	u25¾	24½	25¼	+ ¾
RadSys	12	620	10	9⅝	9⅝	
Rainer 1.16	11	303	39⅛	38¾	39	+ ¼
Readng	21	32	24¼	23¾	23¾	− ½
Reeves	26	848	10⅞	10½	10½	− ⅜
Relac	102	38	11¼	10½	11¼	− ½
RgcyEl .20		525	7	6⅞	7	+ ⅛

Stock		Sales (Hnds)	High	Low	Last	Chng
RntCtrs	31	280	30	29½	29½	
RepAm.10e	8	1585	16¼	15¾	15⅞	− ¼
ReutrH .40e		1078	63¾	61½	62¼	− ⅜
ReyRys .76	15	112	35½	35	35¼	
Ribim	583	267	5⅝	5⅜	5⅜	− ¼
RchmHl		1116	16⅛	15⅞	15⅞	− ⅛
RigsNs 1.10	12	143	31¾	31¼	31¾	+ ¼
Roach	50	123	11⅛	10¾	11	
RoadSv1.10	20	1516	38½	37¾	38½	+ ¾
RochCS	18	503	14⅝	14½	14½	− ⅛
RgrCbA		318	14⅞	13⅝	14⅛	+ ¼
RoseBs.16a	9	141	21¾	20¾	21¼	− ½
RossStr		1730	6⅝	6¼	6½	+ ⅜
Rouses .80	113	132	33	32½	32⅞	− ⅛
RyanFs	43	1502	u27¼	26⅛	27¼	+ ¾
S S						
SCI Sy	22	834	23½	22¾	23½	+ ⅛
SEI		514	24½	24¼	24¼	
SHL Sys		1603	23	22¼	22¼	− ⅝
SPIPn .08	29	857	23¼	23	23	−2
Satchi 3.13e		1774	41⅞	40¾	41¾	+ ¼
Safecds .24	46	2250	49¾	48¾	49¼	− ½
Safeco 1.70	9	1469	60¾	59½	60¾	+1¼
StJudes	20	1335	22⅞	21⅛	21½	−1¼
StPauls 1.76	16	6613	u55	52	54¾	+2¾
SalCpt	12	389	u11¾	11⅛	11½	
Salick	22	1396	14⅝	14⅜	14⅜	− ¼
Sanfrd	17	16	36¼	35¾	36	+ ¼
SatMus	67	154	5⅜	5⅛	5⅜	+ ⅛
ScanOp	20	542	8⅞	8⅝	8⅞	+ ⅛
ScanTrs	16	203	11	10¾	11	+ ⅛
Scherer .32	213	261	17¼	17	17	
SchlAs	19	351	u33¾	33	33¾	+1
ScripH .80	162	35	86	85	86	+1
Seagate	22	22562	39⅝	37⅜	38⅛	−1⅛
Sealrgt .09e	29	40	23¼	22¾	23¼	+ ½
SeamFr	24	62	u46¾	45¾	46¾	+ ¼
Seibel .80	94	48	17½	17	17	− ½
Selctins .92	11	483	23¼	22¾	23¼	+ ¼
Sensor .05		4965	u13⅞	13⅛	13⅝	+ ⅝
SvcMer .08		4720	8⅛	7⅝	8⅛	
SvOaks .16	13	940	13⅛	12¼	12½	− ⅝
ShrMed .72	4	8399	42½	36¼	39	−2½
Shwmt 2.04	9	168	46½	45¼	46½	+ ½
Shelby .24	21	283	19¾	19	19	− ½
Shoneys .16	25	457	29⅛	28¾	29	− ⅛
ShonSo	13	387	15⅜	15	15⅛	+ ¼
SigmAl .28	34	174	45¾	45¼	45¾	
SiliconS	1450	345	14⅝	14¼	14½	+ ¼
Silicnxs	24	79	13⅛	12¾	13	− ¼
SimAir	10	389	9⅜	9⅛	9⅜	+ ¼
Simpins .56	10	97	14⅛	13¼	13¼	−1
Sizlers	23	213	17¾	17¼	17¾	− ¼
SmthFs	19	310	27½	26½	27	− ¼
Society 1.92	9	156	63¼	62¾	63¼	+ ¼
SoctyBs.14r	16	1132	24½	23¼	24⅛	+ ⅝
SoftwA	18	944	17¼	16	17⅛	+1⅛
SonocP .80a	19	111	48¼	48	48	
SoundW	11	52	13⅜	12⅞	12⅞	− ⅜
SthdFn .52		339	13⅛	d11⅝	11¾	−1¼
Soutrst .80	11	538	23⅞	23⅜	23¾	+ ⅛
Sovrgn .10	129	1208	9⅛	8¾	9	+ ⅛
Sovran 1.36	10	1653	36¾	36	36⅛	
Specdys	28	2326	20¼	19¾	20	+ ¼
SpecCtl .07	18	78	10⅛	9⅞	9⅞	
StarSur	67	488	8⅛	7¾	8	+ ⅛
StafBld .20	48	164	9	8⅝	8¾	− ⅛
Standy 1.20	16	76	40¾	40	40¼	+ ½
StdMic	813	1027	16¾	16	16¼	− ⅜
StdReg .80	18	31	45¼	44¾	44¾	

Stock		Sales (Hnds)	High	Low	Last	Chng
StaStBs .40	16	715	31⅛	30½	30¾	
StewStv		13	14¼	14	14	
Stwinf .76	10	844	20¾	20	20⅝	− ⅛
Stratus	45	3065	33	30¼	31¼	−1½
StrwbCl .93	14	808	40¾	39⅝	40¾	+1¼
Stryker	30	318	40¼	39¾	40¼	+ ¼
StuDSs	12	389	7¼	7	7¼	+ ⅛
Subaru .39	11	2781	21¼	20¾	21	
SuffFin .12	17	163	21	20½	20¾	
SumtB .72	13	40	25½	25	25	− ⅜
SumtHl .12	37	288	6⅛	5¾	5⅞	− ¼
SunCst	138	817	2⅞	2 11-16	2¾	− ⅛
SunGrd		2112	19¾	18¼	18¾	−1
SunMic	45	5127	30⅞	29½	30	− ⅞
SymbT	31	161	22½	22	22	− ¼
Symblic		2074	4½	4	4⅛	− ¼
Syncor	27	227	7⅛	6¾	7⅛	+ ¼
Syntech		643	10⅛	10	10⅛	
Sysintg	11	1807	9½	9¼	9½	+ ⅛
Systmt .12	26	156	26½	26	26⅛	− ⅜
T T						
TCBYs .24	38	1344	18	17½	17¾	+ ¼
TCF	6	415	15¼	14⅝	15¼	+ ⅜
TSInd	77	267	25½	25¼	25⅜	− ⅛
TSO	16	1037	15⅞	15⅛	15⅞	+ ⅜
Tandem	34	3557	59¾	58⅜	58⅞	− ⅛
Tandon	7	2708	3⅝	3½	3⅝	
Tecum3.20a	14	3	127½	127½	127½	
Tekwd	284	2057	20	17½	19⅞	+1⅞
Telco		142	4¾	4½	4⅝	
TlcmAs	44	5986	32⅛	31⅜	32⅛	+ ⅞
TlCmwt		11	43¾	42	43	+ ¾
TelPlus		1211	6⅝	6¼	6⅝	+ ⅛
Telecrd .48	54	389	76	72½	73½	−2½
Telabs	29	1820	u19¼	18	18⅞	+ ⅝
Telxons .01i	33	208	28¼	28	28	
Tennant .96	20	964	28½	28¾	28¼	+ ½
Thrmds		596	15½	14¾	15½	+ ¼
3Com	34	3292	22¼	21⅛	21⅜	− ⅞
TopMkt	14	305	21¼	20½	21	+ ½
TrakAu	454	151	14	13⅜	13⅜	− ⅝
TrnMus	73	28	25½	25	25½	
Trmwck		3	17¼	17¼	17¼	− ¼
TriStar	19	1537	10½	10⅛	10⅜	+ ⅛
TriadSy	80	1190	u14⅛	13⅝	14⅛	+ ¼
Trimed		989	18¼	17¾	18⅛	+ ¼
TrusJo .56	18	148	36¾	34½	36¾	+1¼
Tsrtcp 1.28	10	499	30¼	29¾	29¾	− ½
TuesMrn	11	182	18⅛	17¼	18	+ ⅜
20Cntus .25		198	23	22¾	22¾	− ¼
TycoTy		1480	8⅝	8¼	8⅝	+ ⅜
Tysons .04	24	679	30⅝	30¼	30⅝	+ ⅛
U U						
USLIC .80	12	38	28	27¾	28	
UTL	18	16	15⅛	14⅞	15⅛	+ ⅛
Ungmn		1042	14¼	13¾	13⅞	− ¼
Uniffi	17	829	12⅝	12¼	12⅝	
Unimed		285	9¼	d 8¾	9	− ¼
UnFedl .05e	4	179	21¾	21⅜	21⅝	
UnNatl 1.32	13	40	35	34¼	34¾	
UnPlntr.10e	15	94	37¾	37	37⅝	+ ⅛
UnWarn	26	88	47	46¾	46⅞	+ ⅛
UACms .04	97	2355	22¼	22	22¼	
UBWash	11	16	u35¾	35⅜	35½	+ ⅛
UBCol 1.08	12	461	23¼	23	23¼	
UCaroB1.04	10	17	28¾	28¼	28¼	− ½
UCtyGa1.60	18	55	25¾	25½	25¾	
UnCosF .80	7	25	19	d18½	19	
UFireCs .80	15	44	32¾	31¾	31¾	−1

Stock		Sales (Hnds)	High	Low	Last	Chng
UHltCr	16	270	8½	8	8	− ½
Utdlns		403	24¼	23½	23¾	
UtdSvrs .72	8	175	27¼	26¾	26⅞	− ⅜
US Bcs .80	10	1468	25⅞	25¼	25⅞	+ ½
US HltC .16	18	8319	12⅝	12⅛	12⅜	− ⅛
US Sur .40	20	861	25¾	24⅝	24⅝	−1⅛
USTrk .60		333	8¾	8⅝	8⅝	+ ¼
US Trs 1	12	658	38¼	37¼	37¼	− ½
UStatn .24	20	137	20	19	19	−1
UnTelev	41	74	30½	30¼	30½	− ¼
UVaBs .92	10	174	29½	29¼	29⅜	− ⅜
UnvFrn	18	22	36¾	36½	36¾	+ ½
UnvHlt	12	577	7⅝	7⅜	7⅝	+ ⅛
UFSBk .40	7	98	14	13½	13¾	+ ¼
V V						
VBnd s	38	880	30¼	29¾	30⅛	+ ⅛
VLSI		1381	16½	15½	15¾	− ¾
VM Sftw	47	251	37¾	35½	36¼	−2
ValidLg	275	3087	5½	5¼	5½	+ ¼
ValFSL	5	15	29¼	29	29¼	+ ¼
ValNtl 1.44	8	580	40⅝	39⅝	40⅝	+ ¾
Ventrex		756	3⅝	2⅞	3	− ⅜
Vicorp		213	12¾	12½	12¾	+ ¼
ViewMs	29	168	24⅜	24	24⅜	+ ⅜
Viking	16	161	22¼	21½	21¾	+ ¼
Vipont	108	156	13¾	13½	13¾	
Viratk	101	2304	52½	44½	46½	−3
Vodavi		82	4¾	4⅝	4⅝	− ⅛
Voltinf		43	26¼	25¾	25⅞	− ⅛
Volvo 1.17e		232	46⅝	46¼	46⅝	
W W						
WD 40 1.32a	26	227	u40¾	39¾	40½	+ ¾
Walbro .40	17	191	23¼	22¾	23	+ ¼
WshE 1.84	19	273	29⅝	28⅞	29⅝	+ ⅛
WFSL 1.02	8	398	39¼	38¾	38¾	
WMSBs .48	4	970	u27½	26⅞	27⅜	+ ½
WatrlGl.16e	15	204	19¾	19½	19¾	− ⅛
Wattsind.84e	18	699	21⅛	20½	20½	− ¾
WausP .48	13	128	35¾	35¼	35½	− ¼
Weibilt	14	57	27¼	26½	27¼	
Werner	28	108	u22⅛	21¼	21½	+ ¼
WstCap	13	1586	18⅛	16¾	18¼	+1¼
WstFSL	8	3520	22¼	21¾	22¼	+ ½
WstnPb	14	518	15⅞	15⅜	15¾	+ ⅛
WtTIA	11	1943	17	16¼	16¼	− ¾
WmorC .80	9	302	22¼	20½	21	−1
WstwOs	41	759	u39	38	38¾	+ ¾
Wettra 1.04	21	264	45¼	44¼	44½	− ⅝
Wicat		1510	2 5-16	2 3-16	2 3-16	−1-16
Willmts1.08	20	54	u58¼	57½	57¾	− ¼
WillAL	24	814	23⅝	23	23⅜	− ⅛
WilmTs .72	14	219	27	26½	26⅝	− ⅛
WilsnF		773	10⅜	10⅛	10⅜	+ ⅛
Windmr		1283	7⅞	7⅝	7⅞	+ ⅛
WOW		2885	22	21	21½	+ ½
Worthgs .36	20	820	20⅞	19⅞	20⅛	+ ⅛
Wyman .80		385	20	19¼	19⅝	+ ⅛
Wyse	19	2403	u28⅛	27⅜	27⅞	+ ⅛
X Y Z						
XLData	40	789	23¼	22½	23	+1½
XOMA		2000	u18¾	17½	18¾	+ ¾
Xicor		2314	11⅝	11⅛	11½	− ⅛
Xidex	34	7915	15	14⅜	14⅞	+ ⅛
Xyvan	34	1261	17½	17	17½	+ ½
YlowFs .82	18	1165	36⅝	35⅜	36½	− ¼
ZenNtl .80	19	459	25	24⅜	24¾	− ¼
ZionUt 1.44	13	11	45¼	44½	45¼	
Zondvn	34	57	28⅞	28½	28½	− ¼

LONDON Chief price changes (in pence unless otherwise indicated)

RISES			FALLS:		
Treas. 8¾pc '97	£93⅝	+1⁄16	Argyll Grp	380	− 9
Alexon	263	+10	BPB Inds.	643	−10
Allied-Lyons	378	+ 5	Brit. Aeros	663	−10
Garfls Rest	206	+14	BP	749	−12
Glaxo	£14⁹⁄₁₆	+⅜	Comm Union	342	−10
Hallite	262	+29	Land Secs	361	− 7
Laing Props	376	+13	London Intl.	350	−11
Lister	190	+10	NatWest Bk	618	−16
Moss Bros.	670	+50	Next	274	−11
Pepe	228	+20	Reed Intl.	433	−16
Rosehaugh	715	+20	Royal Ins.	982	−15
Uni Scient	220	+13	Shell Trans	£10⁷⁄₁₆	−⅜
Ward Hldgs.	445	+47	Tarmac	540	−14
			Tate & Lyle	709	−14
			Tesco	443	−16
			Wellcome	406	−11

Toyota up despite fall in turnover

BY JIM JONES IN JOHANNESBURG

TOYOTA South Africa, the country's largest motor manufacturer, increased profits because of higher selling prices in 1986 although the local motor industry posted its lowest sales in a decade.

The year's turnover has not been disclosed, but the operating profit before interest and tax was R66.9m ($31.95m) against R37.9m. The pre-tax profit rose to R34.8m from R12.9m.

The industry's car sales dropped to 174,453 units in 1986 from 204,322 in 1985 and Toyota's own sales for the year dropped to 45,384 units from 48,852.

The directors say it was necessary to increase car prices at a rate well above domestic inflation, and motor industry analysts have warned that this could lead to even lower sales in 1987.

Toyota's directors believe that price increases will be more realistic this year and expect modest sales growth. A total dividend of 100 cents has been declared from net earnings of 505 cents. In 1985, the dividend was 25 cents and a deficit of 1,318 cents a share was recorded due to foreign exchange losses.

Toyota of Japan has no equity interest in Toyota South Africa, which is entirely South African-owned.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock		Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
29 7/8	18 5/8	AAR	s	.50	1.7	21	271	29 1/8	28 3/4	29	
34	21 7/8	ADT		.92	2.7	19	395	33 3/4	33 1/8	33 3/4	+5/8
38 1/2	20	AFG	s	.12I	.3	11	201	36 3/8	36 1/4	36 1/4	-1/8
37	16 3/4	AGS				21	487	35 1/4	35	35 1/4	
15	8 3/4	AMCA					5	8 3/8	8 1/4	8 1/4	-1/8
62 7/8	47 1/4	AMR				13	6902	60	58 1/4	58 3/4	-7/8
27 1/2	24	ANR	pf	2.67	10.		22	26	26	26	
16 1/2	10	ARX		.71t	5.7	12	39	12 3/4	12 3/8	12 1/2	-1/4
42 1/8	29 3/4	ASA		2a	4.9		534	40 3/4	39 3/8	40 1/2	+3/4
18 3/8	9 3/4	AVX			2.0		214	16	15 1/2	16	
32	26 1/2	AZP		2.72	8.8	10	3128	31 1/8	30 7/8	31	-1/8
62 5/8	33	AbtLb	s	.84	1.4	26	3572	61 7/8	60 7/8	61 1/4	-3/8
33	25	AccoWd		.62	1.9	21	180	u33 1/8	32 3/4	33 1/8	+3/8
14 1/8	9	AcmeC		.40	3.1	24	129	13 1/8	12 7/8	12 7/8	-1/4
8 1/4	6 1/8	AcmeE		.32b	4.3	26	58	7 1/2	7 1/4	7 1/2	+1/4
23 7/8	18	AdaEx		3.42e	16.		37	22 1/4	21 7/8	22	
15 7/8	11 3/8	AdmMl	s	.24	1.4	14	136	u17 3/8	16 3/4	17 3/8	+3/4
20 7/8	12 1/8	AdvSys		.62t	3.2	16	156	20 3/8	19 1/2	19 1/2	-7/8
32 7/8	12 7/8	AMD					7907	23 [illegible]	22 3/8	22 7/8	-1/4
10 3/8	5 1/4	Adobe					357	8 5/8	8 3/8	8 1/2	+1/8
19 1/2	13 3/4	Adob	pf	1.84	9.6		105	19 1/2	19 1/4	19 1/4	-1/4
21 7/8	16 3/8	Adob	pf	2.40	11.		38	21 1/8	21	21 1/8	+1/8
18 3/8	11 1/2	Advest		.12a	.9	11	550	14	13 3/8	13 3/4	
66 1/4	53	AetnLf		2.64	4.0	10	6646	66	64 5/8	66	+2
54 3/8	51 1/8	AetL	pf	3.94e	7.5		51	53	52 7/8	52 7/8	
48	19	AfilPb	s	.32	.7	25	549	47	45 3/4	46 1/2	-1/2
28 3/4	18 7/8	Ahmans		.88	3.5	8	1061	125 1/2	24 1/2	24 7/8	+3/8
5 3/4	2 7/8	Aileen					87	4	3 7/8	3 7/8	-1/8
48 1/2	29 1/8	AirPrd	s	.80	1.7	402	2309	48 1/2	47 3/4	48 1/4	+3/8

[illegible]

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NYSE COMPOSITE CLOSING PRICES

Continued from Page 40

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
62½	52¾	PenCen	.05	.1	25	365	56¾	56¼	56⅝	−⅛
90⅝	56⅛	Penney	2.48	2.7	15	9110	u94½	91¾	93½	+4⅜
43⅝	30¾	PaPL	2.60	6.6	13	419	39⅝	39⅜	39½	−⅛
54	41	PaPL	pf4.50	8.7		z80	53½	52	52	
100½	72½	PaPL	pr8.40	8.4		z250	100	99¾	100	+⅞
111	99¼	PaPL	pr 11	10.		z50	110	110	110	+⅛
102	80	PaPL	pr8.70	8.5		z20	102	102	102	
60¾	44	Penwlt	2.20	3.6	17	245	u61⅛	60	60⅞	+1
35¾	26	Penw	pr1.60	4.5		82	u35⅞	34¾	35⅞	+⅜
84½	48⅛	Pennzl	2.20	2.9	60	2676	78½	76½	76½	−1⅞
26¾	19¼	PeopEn	1.44	6.0	11	461	24⅛	23⅞	23⅞	−¼
51	26¼	PepBoy	.22	.4	34	312	50¾	49⅝	50¾	+⅝
35⅝	23⅝	PepsiCo	.64	2.0	19	10410	32¾	31¾	32⅝	+½
13⅛	10⅝	PerkF	n.25e	2.0	41	122	12⅝	12¼	12⅝	
36⅞	23⅛	PerkEl	.60	1.7	25	3086	35⅛	33⅞	34⅝	−⅜
7⅝	5½	Prmian	.49e	6.6	7	304	7⅜	7¼	7¼	−⅛
20⅞	12	PeryDr	.22	1.5	25	344	14¾	13⅞	14½	+⅝
35¾	23¾	Petrie	.70	2.3	18	2253	31⅜	29⅝	30⅝	+1⅛
33	23⅛	PetRs	2.57e	8.1		27	31⅝	31⅜	31⅝	+⅛
20	16	PetRs	pf1.57	8.4		30	18⅞	18⅝	18¾	
3	1	Ptrinv				46	1⅜	1¼	1⅜	+⅛
77	51	Pfizer	1.80	2.4	19	5514	75⅜	74¼	74¼	−¼
32½	16	PhelpD			27	4124	29⅜	28⅝	29⅛	+⅛
63	49¾	Phelp pr	5	9.0		1319	55¾	55⅜	55½	
26	17⅞	PhilaEl	2.20	8.8	10	3208	25⅜	24⅞	25⅛	−⅛
45	37	PhE	pfC4.40	9.4		z330	47	47	47	+1
81½	80½	PhE	pfE 7	8.6		427	u81⅝	81¼	81⅝	+⅛
13⅞	11½	PhE	pfR1.41	11.		57	13½	13⅜	13⅜	−⅛
13¼	10⅞	PhE	pfP1.33	10.		61	12⅞	12⅝	12¾	
88⅜	32	PhE	pfH7.85	9.0		z150	87	85¾	87	+1⅝
12⅞	10⅝	PhE	pfO1.28	10		21	12⅜	12⅜	12⅜	
134¼	122½	PhE	pfN17.13	13.		z480	128½	128¼	128⅜	−⅛
124	112	PhE	pfM15.25	13.		z380	119⅜	119	119	
88	66	PhE	pfJ7.80	9.0		z1360	87	85⅛	87	+2¼
63	65½	PhE	pfI7.75	9.2		z310	u84	82	84	+2⅛

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
60¾	44⅝	WiscPL	3.04	5.9	12	224	51⅝	51¼	51⅜	−⅛
63	43	WiscPS	3	5.6	13	107	53⅜	52¾	53¼	+½
46⅝	31⅛	Witco	s 1.12	2.5	15	171	45⅛	44⅝	44⅞	−⅛
12⅞	8⅛	WolvrW				346	10½	9⅞	10	+⅛
49	32¾	Wlwth	s1.12	2.3	15	3143	47⅞	46	47⅞	+1⅞
137	93	Wolw	pf2.20	1.7		4	131	131	131	+½
7¼	2	WrldAr				59	7⅛	6⅞	6⅞	−⅛
19⅝	14⅝	WrldVl n				30	17¾	17⅜	17½	
54	31½	Wrigly	s .96	1.9	20	85	51	50⅝	51	+¼
4⅛	1⅜	Wurltzr				2	3	3	3	
17½	11	WyleLb	.32	2.0	34	52	16	15½	15⅞	+⅜
25¾	18½	Wynns	.60	2.8	13	50	21¾	21⅝	21⅝	−⅛

X Y Z

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
74½	46⅝	Xerox	3	4.1	19	5190	73⅝	72¼	73⅛	
58¼	46	Xerox	pf5.45	9.5		82	57¼	56⅞	57⅛	+⅛
28¾	21½	XTRA	.64	2.3		62	28	27⅝	28	−¼
20	13½	Yorkin n			28	208	u20⅛	19¾	19⅞	−⅛
6	2¼	Zapata				370	3⅞	3⅝	3¾	−¼
43⅞	20¾	Zayre	s .32	1.1	21	3645	29⅝	28¾	29⅛	+⅛
17	9¾	Zemex	.40	3.2	8	49	13	12⅝	12⅝	−⅛
29⅞	18⅞	ZenithE				1474	24	23½	24	+½
18¼	8	ZenLb s			81	1655	10½	9¾	9¾	−⅝
22⅜	12⅝	Zero	.36	1.9	20	238	19	18⅛	18¾	
48¼	32¾	Zurnin	1.32	2.8	18	105	47⅛	46⅞	47	+⅜
10⅝	8¾	Zweig	n.10e	1.1		955	9⅝	9⅜	9½	

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls – sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE CLOSING PRICES

OVER-THE-COUNTER

Nasdaq national market, closing prices

Continued on Page 39

FINANCIAL TIMES

WORLD STOCK MARKETS

AMERICA

Rate-sensitive issues help move to record

WALL STREET

STRONG SELECTIVE buying in areas such as interest rate-sensitive stocks yesterday helped Wall Street edge ahead to a record for the third day in a row despite continued heavy profit taking, *writes Roderick Oram in New York.*

Credit markets were buoyed by news of economic cooperation talks in Paris this weekend and a larger than expected downward revision in fourth quarter-gross national product figures which eased the upward pressure on interest rates.

The Dow Jones industrial average closed up 6.46 points at 2,244.09. It had drifted as low as 10 points down on the previous close before pulling ahead late in the session. A key influence was the $6⅝ rise to $147¾ by Merck, a Dow constituent, on hopes that one of its drugs would receive regulatory approval soon.

The Standard & Poor's 500 and the New York Stock Exchange composite index also set records edging up 0.15 to 285.57 and by 0.20 to 162.76 respectively. NYSE volume was heavy at 182m shares with advancing issues leading declining by a ratio of eight to seven.

Interest rate sensitive stocks such as banks, insurance companies and savings and loans attracted buyers. Citicorp gained $1⅜ to $58⅝, Chase Manhattan Bank added $⅞ to 41⅞, Aetna rose $2 to $66, Cigna advanced $1⅛ to $85½ and Great Western Financial was ahead $⅞ to $56⅛.

Occidental Petroleum, down $1⅛ to $31⅛, said it would issue 30m shares in one of the market's largest secondary offerings. Oil stocks continued to decline in the face of weak oil price. Exxon was off $1⅛ to $81⅛, Chevron fell $⅞ to $49⅛, Texaco added $1⅜ to $34⅛, Amoco lost $⅞ to $72⅝ and Atlantic Richfield shed $⅞ to $68⅛.

In the takeover arena, Borg Warner rose $1⅜ to $41⅞ on heavy volume. Mr Irwin Jacobs, the Minneapolis-based corporate raider, said he would launch a bid if "friendly" takeover talks failed.

Piedmont Aviation jumped $3⅞ to $69⅝. USAir, off $2⅛ to $42, launched a $71 a share counterbid for the airline, topping an earlier offer from Norfolk Southern which rose $3½ to $97⅞.

PaineWebber was unchanged at $37. Its shareholders approved anti-takeover measures.

Stocks of securities firms remained mixed amid concerns that insider trading scandals could depress takeover activity and attract lawsuits.

Salomon Inc slipped $⅛ to $39⅞, Morgan Stanley lost $⅞ to $71, Merrill Lynch fell $⅞ to $45⅝ while E. F. Hutton added $⅝ to $40⅝, Bear Stearns rose $⅛ to $20⅝ and First Boston gained $⅛ to $49⅝.

Gulf & Western climbed $1⅛ to $76⅝ and Warner Communications slipped $⅛ to $29⅝. Gulf said its was taking a 50 per cent stake in Warner's cinema operations.

Coca-Cola was unchanged at $45⅝. It reported fourth-quarter net profits of 82 cents a share against 39 cents a year earlier and raised its quarterly dividend to 28 cents a share from 26 cents.

Campbell Soup added $⅝ to $61⅞ after reporting a slight slip in second-quarter per share profits to $1.08 from $1.10 a year earlier.

Among other food companies, Pillsbury advanced $1⅛ to $42⅞, General Mills was unchanged at $50 and RJR Nabisco eased down $⅝ to $62½.

Hewlett Packard gave up $3⅜ to $53⅜ after disappointing the market with first-quarter net per share of 45 cents against 43 cents a year earlier.

Other high-tech stocks were mixed. Motorola was off $⅞ to $49⅝, Digital Equipment added $⅛ to $155⅛, IBM advanced $1⅛ to $139⅛.

Dayton Hudson, up $1⅜ to $44⅜, said it was planning a television home shopping venture. J. C. Penney, up $4⅜ to $93½, announced a similar move on Wednesday. Home Shopping Network, which is already in the business, fell a further $1 to $27⅛ on the American Stock Exchange following Wednesday's news of the breaking off of merger talks with Comb, a specialised retailer.

Credit markets perked up on hearing a wide range of good news. The price of the benchmark 7.50 per cent Treasury long bond rose 15/32 of a point to 99 11/32 yielding 5.53 per cent.

The dollar was boosted by the prospect of agreement on economic policies at meetings of the Groups of Five and Seven industrialised countries in Paris this weekend.

But the longer-term impact of the dollar on the bond markets was not so encouraging. Mr Paul Volcker, chairman of the Federal Reserve Board, told Congress the currency had become the Fed's main preoccupation. This implied that the Fed could be willing to raise interest rates if it felt the dollar needed such support.

CANADA

THE BUDGET provoked limited response from Toronto share prices, which were mixed in active trading.

However, steel stocks mainly gained from the new tariffs announced on certain steel imports, with Stelco Class A up C$⅛ to C$22⅞ and Dofasco C$⅝ higher at C$25⅛. Algoma Steel moved against the trend with a C$⅛ fall to C$10⅛.

In mines, Noranda added C$⅝ to C$28⅛ amid news that the group expects federal recommendation today that the strike be settled at its Horne copper division in Quebec.

Montreal was slightly easier with oil stocks showing the biggest fall.

Carla Rapoport, Chris Sherwell and Roderick Oram look at Aids-related stocks

Growing fears trigger speculation

THE GROWING GLOBAL fear of acquired immune deficiency syndrome (Aids) has generated intense speculation in stocks linked tentatively or actively with attempts to find a cure. Some of the greatest interest has taken place in Tokyo, Sydney and New York.

Always desperate for a new theme, the Tokyo Stock Exchange has turned to Aids-related stocks with enthusiasm. More than 100 stocks have benefited from the speculation.

The biggest winner to date has been Okamoto, Japan's largest maker of condoms, which has seen its shares more than triple this year to more than Y1,800 ($11.76) this week. Ajinomoto, one of the leading Aids-related issues, jumped Y220 yesterday to Y2,570.

Nearly every Japanese pharmaceutical maker, whether it has an Aids therapy in tests or not, has benefited. The excitement has spread to stocks with no real relation to the disease, such as Fumakilla, a second section stock which makes mosquito repellent – brokers had been telling clients that mosquitos could be responsible for spreading Aids.

Other beneficiaries have been syringe makers, condom-making machinery companies and even liquorice companies, on the basis that a liquorice derivative might turn out to be an Aids treatment. But significantly, the Aids phenomenon has increased foreign stock investment by the Japanese who see bigger growth overseas than at home.

In Australia, the shares of two companies have attacted the most attention: Pacific Dunlop and Private Blood Bank.

Pacific Dunlop was the most active stock yesterday with over 12.8m shares changing hands – high by Australian standards. It gained 6 cents to A$5.14 (US$3.42), a rise of A$1.02 since the start of the month and A$2.46 so far this year.

Pacific Dunlop's subsidiary, Ansell International, is the world's largest producer of rubber gloves and a major manufacturer of condoms.

Private Blood Bank, which was only listed in December, has seen an even more dramatic rise, although volume has been lower because the company is much smaller.

Yesterday the shares climbed to A$9.90, from A$6.00 a week earlier and A$2.20 at the beginning of the year. On the first day of trading they closed at A$1.30.

The company offers facilities for the personal storage of blood. This aims to remove the risk of infection from a transfusion of blood which could be carrying the Aids virus.

At the low-tech end of the business, condom manufacturers are booming with further fast growth ahead now that television networks and newspapers have backed down from earlier bans on condom advertising. The success of Carter Wallace, the leader with its Trojan brand accounting for 52 per cent of the market, has prompted a flood of competition. Its stock price doubled from $75 to $150 in January only to fall back to $124 in the past few weeks as competition has intensified.

In the service sector, American Medical International broke new ground last year by setting up a 150-bed hospital in Houston in conjunction with the University of Texas to treat Aids patients.

On Wall Street, as soon as a company announces a potentially promising drug, its shares rocket only to fall rapidly when the group faces regulatory hurdles and attempts to commercialise the product.

The most spectacular of these has been ICN Pharmaceuticals, a California company with sales of just over $100m a year. Its stock price more than tripled in the past year to a high of $34, with the last surge coming after it claimed a drug it developed 17 years ago showed great potential for inhibiting the Aids virus. In recent weeks the price has fallen to $20 as the company began the quest for regulatory approval.

Some companies are already benefitting from Aids-related products. Abbott Laboratories, a wide ranging drug company and the first to win a US licence for an Aids blood test, is trading near a 52-week high of around $62. Burroughs-Wellcome, the US subsidiary of Wellcome of the UK, is about to get approval for its AZT antiviral drug which will be the most expensive prescription drug in the US at $10,000 per patient per year at retail prices.

EUROPE

Frankfurt rebounds on dollar hopes

EUROPEAN BOURSES were dominated yesterday by the dollar's recovery on news that the leading industrial countries are to meet in Paris this weekend.

The news lifted some bourses but doubts remained over whether the meeting would produce the long-sought currency stability.

Frankfurt rose sharply on hopes that a stable dollar would improve the outlook for West German exports. In an upsurge led by dollar-sensitive blue chips, the Commerzbank index gained 45.6 to 1,753.9.

Car manufacturer Daimler-Benz, which reported a strong climb in sales, put on DM 23 to DM 955. BMW was up DM 17 to DM 496 and VW ahead DM 8 to DM 350, while Porsche rose DM 19 to DM 884.

Banks were well ahead, with Deutsche rising DM 10.50 to DM 675 after a session high of DM 678, and Commerzbank and Dresdner adding DM 7.50 to DM 287.50 and DM 357 respectively.

In engineerings, Mannesmann gained DM 5.40 to DM 152.50. The group said 1986 profits fell because of the weak dollar and poor demand for steel piping.

Retailers were firm, with Karstadt adding DM 6.30 to DM 452.80 and Kaufhof up DM 6 to DM 480.

Bonds rose in nervous trading on speculation that the US might urge West Germany to relax its monetary policy further. The Bundesbank sold DM 138.2m worth of paper after selling DM 5.9m on Wednesday.

Amsterdam was mixed to firmer as foreign investors moved back into the market. The positive undertone rested on the dollar's rise and the weekend G-5 and G-7 meetings, but there was also caution over the meetings' likely success and over testimony to the US Congress yesterday by Mr Paul Volcker and Mr James Baker.

Internationals were mainly steady or higher, with KLM up 80 cents to Fl 41.70 after France granted the airline permission for a new service between Amsterdam and Lyons.

Paris gained late in the session on news of the weekend meetings in the French capital and on the firmer dollar.

Export-oriented stocks benefited, including BSN Gervais, FFr 100 higher at FFr 4,660 after saying it expects a sharply higher 1986 profit. Moët-Hennessy rose FFr 60 to FFr 2,350

Stockholm rose in heavy trading as domestic institutions re-entered the market.

Atlas Copco jumped SKr 14 to SKr 162 in reaction to its results announced late on Wednesday.

Zurich was supported by the firmer dollar. Hoffmann La Roche "Baby" surged SFr 700 to SFr 13,500 in heavy trading, while Crédit Suisse advanced SFr 70 to SFr 3,595 ahead of plans for an unchanged dividend although profits rose 11.7 per cent last year.

Bourse authorities indicated that Swiss companies that operate excessively restrictive controls on their registered shares could face delisting.

Milan edged higher in thin trading after the Bank of Italy's ruling on mutual funds. Persistent uncertainty over the domestic political situation continued to hang over sentiment.

Brussels turned lower on profit-taking after its recent record run. Turnover remained heavy.

Madrid closed higher in pedestrian trading.

Oslo continued to rally on strong oil shares.

LONDON

THE RECORD RUN came to an abrupt halt yesterday as profit-takers moved in although institutional investors remained on the sidelines. The FT-SE 100 plunged 21.9 to 1,930.1 and the FT Ordinary dropped 7.5 to 1,542.5.

British Airways remained the most active with 27m shares changing hands and lost 1½p to 168p. British Gas, also active, dropped 1p to 72p on 22m shares.

Glaxo continued to find buyers and added £⅝ to £14⅜ on 3.2m shares, while Guinness picked up 3p to 308p on 8.8m shares as speculation continued over a possible bid for the brewer.

Gilt traders were concerned over the health of sterling and the possibility of a rate cut in Japan. Longs finished with gains of up to ⅜ after earlier advances of 1¼ points. Details, Page 38

SOUTH AFRICA

AFTER SHARP falls in early trading, gold shares in Johannesburg picked up a little on the slightly firmer bullion price.

Vaal Reefs finished R4.50 lower at R353.50 after falling to R353 and Harties ended 75 cents higher at R21.50 after a low of R20.25.

Mining financials were little changed with Anglo American steady at R67.25 and Gencor off 25 cents at R61.

Other mining stocks were mixed, with De Beers steady at R40 and Rustenburg Platinum gained 70 cents to R51.60.

Mixed industrials saw Barlow Rand off 40 cents at R19.10 and Sappi up 50 cents at R23.50.

ASIA

Peak run above 20,000 again

TOKYO

EXPECTATIONS of an interest rate reduction rose sharply in Tokyo yesterday when it became clear a Group of Seven session would be held this weekend, and share prices surged to an all-time high, *writes Shigeo Nishiwaki of Jiji Press.*

Prices advanced across the board, with the exception of large-capital stocks. Leading players were blue chips, chemicals, budget-affected issues and financial stocks.

The Nikkei average surged 346.33, its sixth largest single-day gain, to close at 20,228.09, eclipsing the previous record high of 20,072.09 registered on February 2.

Turnover, however, shrank from Wednesday's 1.83bn shares to 1.42bn as trading shifted to high-priced blue chips. Advances led losses 565 to 337, with 107 issues unchanged.

The prospect of the G-7 meeting in Paris drove up blue chips on a broad front, with investors expecting it to coincide with a cut in the Bank of Japan's official discount rate by 0.5 per cent to 2.5 per cent per annum.

Major gains among blue chips were made by issues related to digital audio tape recorders, which will hit the domestic market in March. Sony shot up Y220 to Y3,590 and TDK Y210 to Y3,800, while Matsushita Electric Industrial finished Y80 higher at Y2,000. Among other blue chips, Toyota Motor jumped Y130 to Y1,910, NEC Y90 to Y2,090 and Canon Y63 to Y976.

Biotechnology-related stocks firmed, with Fujisawa Pharmaceutical rising Y180 to Y1,870, Takeda Chemical Y70 to Y2,700 and Sankyo Y50 to Y1,610.

However, Aids-related issues were mixed as investors apparently narrowed their investment targets. Ajinomoto, one of the leaders among Aids-related issues, scored a Y220 increase to Y2,570, but Sanyo-Kokusaku Pulp and Mitsubishi Kakoki Kaisha dropped Y13 and Y36 to Y504 and Y652, respectively.

Budget-affected stocks drew buy orders after being neglected for many sessions, as investors took the view that the G-7 meeting would urge Japan to expand public works investment to stimulate domestic demand.

The Tokyo Stock Exchange (TSE) has decided to strengthen margin trading regulations from today to curb the current overheating of the market.

Bond buying by dealers continued to gather momentum, mirroring the imminent central bank decision on interest rates. Life insurance companies and trust banks also stepped up trading. The yield on the 5.1 per cent government bond due in June 1996 finished at 4.705 per cent compared with 4.755 per cent on Wednesday in block trading on the TSE. But in inter-dealer trading later, the yield rose to 4.725 per cent.

AUSTRALIA

INDUSTRIAL, media and resources stocks attracted heavy demand in Sydney, driving the All Ordinaries index 9.9 higher to a record close of 1,589.2.

The market's strength was underpinned by takeovers and bid speculation, high liquidity and a firm Australian dollar.

In heavy turnover, resources group BHP was steady at A$10.45 on 11.3m shares traded, 10m in one block trade.

Bond Corp was steady at A$2.70 in advance of news of higher first-half earnings.

In the active media sector, John Fairfax lost A$1.00 to A$18.50 after the group's newspapers said recently bought shares had gone to friendly institutions, not predators.

HONG KONG

PROFIT-MAKING by local investors dominated the session in Hong Kong after the record run earlier in the week. The Hang Seng index fell 25.66 to 2,775.82, while the Hong Kong index was down 17.96 at 1,781.97.

The mood was dampened by fears that the Hong Kong dollar's weakness would bring a rise in the discount rate.

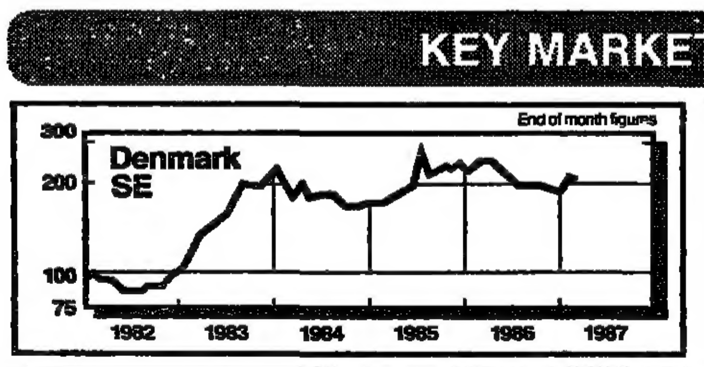
In lower turnover, Sun Hung Kai Properties dropped 40 cents to HK$22.60.

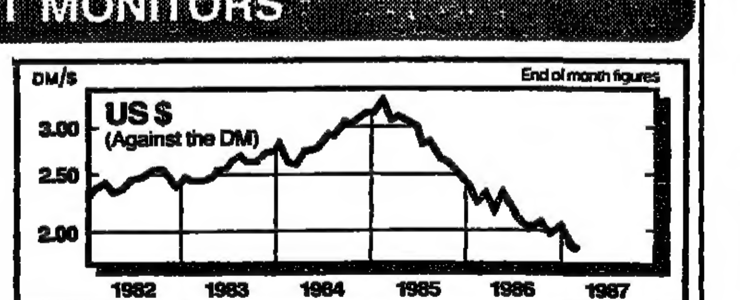
SINGAPORE

THE BUYING WAVE continued in Singapore as institutions snapped up blue chips, pushing the Straits Times industrial index up 17.23 to 1,046.82, just 25 points short of its February 1984 record.

Turnover was a very heavy 59.5m shares compared with 45.3m on Wednesday. Banks performed strongly.

KEY MARKET MONITORS





STOCK MARKET INDICES

	Feb 19	Previous	Year ago
NEW YORK			
DJ Industrials	2,244.09	2,237.63	1,658.26
DJ Transport	951.07	953.00	784.43
DJ Utilities	221.96	221.33	182.60
S&P Comp.	285.57	285.42	219.76
LONDON FT			
Ord	1,542.5	1,550.0	1,233.2
SE 100	1,930.1	1,952.0	1,491.4
A All-share	960.83	971.13	728.85
A 500	1,064.32	1,075.27	798.88
Gold mines	288.2	293.0	324.8
A Long gilt	9.70	9.75	10.19
TOKYO			
Nikkei	20,228.09	19,881.76	13,466.6
Tokyo SE	1,782.87	1,736.72	1,072.64
AUSTRALIA			
All Ord.	1,589.6	1,578.7	1,049.6
Metals & Mins.	766.6	756.2	504.1
AUSTRIA			
Credit Aktien	204.65	203.08	235.52
BELGIAN SE			
Belgian	4,172.13	4,180.57	3,168.28
CANADA			
Toronto			
Met.& Mins.	2,515.1	2,494.9	2,155.0
Composite	3,562.6	3,560.0	2,790.7
Montreal			
Portfolio	1,814.73	1,814.73	1,135.72
DENMARK SE	–	–	231.37
FRANCE			
CAC Gen	415.10	415.70	302.6
Ind. Tendance	104.90	104.20	72.38
WEST GERMANY			
FAZ-Aktien	581.19	565.29	656.57
Commerzbank	1,753.90	1,708.30	1,977.0

	Feb 19	Previous	Year ago
HONG KONG Hang Seng	2,775.82	2,801.48	1,751.87
ITALY Banca Comm.	680.83	–	527.52
NETHERLANDS ANP CBS			
Gen	263.20	262.50	249.0
Ind	248.50	246.80	241.5
NORWAY Oslo SE	382.85	380.27	365.11
SINGAPORE Straits Times	1,046.80	1,029.50	628.61
SOUTH AFRICA JSE			
Golds	–	1,816.0	1,196.3
Industrials	–	1,563.0	1,137.8
SPAIN Madrid SE	249.53	248.59	111.48
SWEDEN J & P	2,338.45	2,306.22	1,873.61
SWITZERLAND Swiss Bank Ind	576.30	571.20	585.8
WORLD MS Cap. Int'l Feb 18	405.60	404.5	275.1

COMMODITIES (London)

	Feb 19	Prev
Silver (spot)	354.50p	352.05p
Copper (cash)	£926.50	£926.00
Coffee (March)	£1,465.00	£1,455.00
Oil (Brent)	$16.95	$16.925

GOLD ($/oz)

	Feb 19	Prev
London	395.00	390.25
Zürich	392.75	390.25
Paris (fixing)	396.18	385.16
Luxembourg	392.25	393.30
New York (April)	402.70	394.3

CURRENCIES (London)

	US DOLLAR Feb 19	US DOLLAR Previous	STERLING Feb 19	STERLING Previous
$	–	–	1.5260	1.5320
DM	1.8335	1.8295	2.80	2.80
Yen	154.05	153.75	235	235.30
FFr	6.105	6.09	9.315	9.33
SFr	1.5515	1.5470	2.3675	2.37
Fl	2.0740	2.0685	3.165	3.1675
Lira	1.304	1,302	1,990	1,994.50
BFr	38.25	37.85	58.35	58.15
C$	1.3345	1.3310	2.0300	2.0400

INTEREST RATES

	Feb 19	Prev
Euro-currencies (3-month offered rate)		
£	10 11/16	10 11/16
SFr	3⅞	3 9/16
DM	4⅛	4 3/16
FFr	8⅜	8⅜
FT London Interbank fixing (offered rate)		
3-month US$	6½	6⅝
6-month US$	6½	6⅝
US Fed Funds	6.0*	6 11/16
US 3-month CDs	6.0*	6.475
US 3-month T-bills	5.465*	5.76

FINANCIAL FUTURES

	Latest	High	Low	Prev
CHICAGO				
US Treasury Bonds (CBT) 8% 32nds of 100%				
Feb 19				
March	100–12	100–23	100–06	99–28
US Treasury Bills (IMM) $1m points of 100%				
March	94.41	94.47	94.34	94.29
Certificates of Deposit (IMM) $1m points of 100%				
March	–			93.82
LONDON				
Three-month Eurodollar $1m points of 100%				
March	93.53	93.56	93.50	93.42
20-year Notional Gilt £50,000 32nds of 100%				
March	117–22	118–15	117–20	117–05

US BONDS

Treasury

	February 19* Price	February 19* Yield	Prev Price	Prev Yield
6⅜ 1988	99 29/32	6.328	6.415	99 19/32
7¼ 1993	99 27/32	7.019	7.10	99 11/32
7⅜ 1996	100 6/32	7.209	7.286	99 5/32
7¼ 2016	99 15/32	7.54	7.601	98 14/32

Source: Harris Trust Savings Bank

Treasury Index February 19

Maturity (years)	Return Index	Day's change	Yield	Day's change
1–30	162.45	+0.41	6.97	–0.05
1–10	154.23	+0.30	6.69	–0.06
1– 3	143.78	+0.17	6.40	–0.06
3– 5	157.18	+0.30	6.75	–0.05
15–30	191.74	+0.78	7.86	–0.04

Source: Merrill Lynch

Corporate

	February 19* Price	February 19* Yield	Prev Price	Prev Yield
AT&T 3⅞ July 1990	93.35	6.10	93.20	6.15
SCBT South Central 10⅞ Jan 1993	105.375	9.68	105.375	9.68
Philbro Sal 8 April 1996	99.25	8.12	99.0	8.16
TRW 8⅞ March 1996	103.75	8.15	103.50	8.19
Arco 9⅞ March 2016	112.375	8.70	111.50	8.78
General Motors 8⅜ April 2016	94.375	8.66	93.75	8.72
Citicorp 9⅜ March 2016	102.5	9.13	101.50	9.23

Source: Salomon Brothers

* Latest available figures